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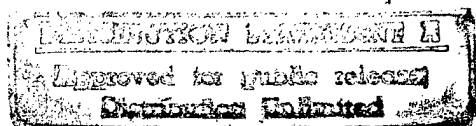


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CONTENTS

27 October 1992

CZECHOSLOVAKIA

Nature of Czech-Slovak Division Debated	1
Prague Centralism [CESKY DENIK 22 Sep]	1
Ideology Link [CESKY DENIK 24 Sep]	2
Carnogursky Contemplates Slovakia's Future [LIDOVA DEMOKRACIE 29 Sep]	3
Critical Glance at New Slovak Constitution [RESPEKT No 36, 1992]	4
Slobodnik Defends His Positions, Measures [KULTURNY ZIVOT 10 Sep]	5
Division of Economies Expected To Be Difficult [HOSPODARSKE NOVINY 8 Sep]	9
Commercial Code Shortcomings Discussed [EKONOM 4-10 Sep]	14
Capital Gains Tax Provisions Explained [HOSPODARSKE NOVINY 2 Sep]	16

HUNGARY

Kerenyi on Csurka's Strength of Support [TALLOZO 24 Sep]	18
MDF Ethics Committee Disciplines Csurka Critic [UJ MAGYARORSZAG 16 Oct]	22
Antall, Goncz Reach Partial Agreement on Media [UJ MAGYARORSZAG 15 Oct]	22
Concern Over Government Satellite Programs [MAGYAR HIRLAP 12 Oct]	22
Disparate Conceptions on Autonomy for Vojvodina [MAGYAR SZO 21 Sep]	23
Manager Denounces Agricultural Cooperatives Law [HETI VILAGGAZDASAG 12 Sep]	24
Reception of Hungarian Satellite TV Clarified [RT UJSAG 24 Sep]	26

POLAND

Reasons for Closer Ties to NATO Stated [RZECZPOSPOLITA 26-27 Sep]	27
---	----

ROMANIA

Union Leaders on Election Results [TINERETUL LIBER 14, 15 Oct]	29
--	----

BOSNIA-HERCEGOVINA

Mostar, Tuzla, Banja Luka To Be Future Centers [Belgrade POLITIKA 13 Oct]	33
---	----

CROATIA

Shortages in Serbian Republic of Krajina [NOVI VJESNIK 11 Oct]	34
Effects of Croatian Economic Measures [NOVI VJESNIK 11 Oct]	34

YUGOSLAVIA

Greek Tactics, Espionage To Destabilize Macedonia [NOVA MAKEDONIJA 3 Oct]	36
Assembly Official on Albanians in Macedonia [PULS 10 Sep]	37
Chief of Macedonian Petroleum Company on Crisis [PULS 10 Sep]	39
Yugoslav Businessmen Discuss Law on Enterprises [POLITIKA 3 Oct]	43

Nature of Czech-Slovak Division Debated

Prague Centralism

92CH0990A Prague *CESKY DENIK* in Czech
22 Sep 92 p 3

[Commentary by Martin Schmarcz: "Slovakia Is Going Where It Wants To Go"]

[Text] Slovakia is turning to the left. The Klaus economic reform is unbearable for Slovakia and that is why Slovakia is experiencing centrifugal tendencies. These arguments, be they from the right or from the left, have one thing in common: They compel the notion that the Czecho-Slovak problem is primarily a dispute involving the essence of the reform.

The above-mentioned voices, led here by efforts to compromise Vaclav Klaus' reform process and thereby the fear of a "leftist infection" from Slovakia, overlook one essential factor. The effort toward emancipation and to achieve equal rights on the part of Slovakia is far older than the disputes involving reform. Let us disregard the years past when autonomistic tendencies were a constant in Slovak political life—a constant that always surfaced in key moments involving our common state. As early as the spring of 1990, when there could not be any talk of the consequences of the economic reform, some newly co-opted delegates of the VPN [Public Against Violence] in the parliament expressed the opinion that as long as the Slovaks do not even win the hyphen struggle with the Czechs, they cannot expect anything more from their brethren. Fedor Gal, the current defender of the federation, spoke of Vladimir Meciar as being finally an energetic and intelligent politician to whom the brother Czechs and Moravians will surely become accustomed. The father of the formulation "two stars, two footstools" was Jan Carnogursky, whose government no one from the Czech side accused of impeding the reform.

It is true that one of the preelection promises made by V. Meciar was that he will give Slovakia a "softer" reform that will not burden its citizens so much. However, events surrounding publication of the Slovak declaration of independence indicate that it was more the demand for international legal subjectivity in the HZDS [Movement for a Democratic Slovakia] program that was the accelerating moment which, together with the charismatic personality of its chairman, brought such a massive influx of voters to the polls. After the third round of negotiations with the Czech leftist opposition, Roman Zelenay sighed and said that perhaps now these gentlemen believe that the HZDS is serious about Slovak sovereignty. He added that anyone who is the first to

understand that is at an advantage. It is absurdly nonsensical to claim that the harsher consequences of the reform in the Slovak Republic are the primary reasons for its secession and that Meciar is preparing to return to a socialist economy. On the contrary, it would be a far more advantageous situation for the purposes of making Slovakia independent if the economic reform were to progress more successfully beyond the Morava River and the Small Carpathian Mountains, than in Bohemia. Then the arguments regarding Slovakia being worse off than the Czechs would sound more credible and national pride could be based on tangible economic results. It is also not true that the very existence of richer and poorer regions leads to the disintegration of the state. It is definitely at least in the interest of less-developed regions to have support in economically stronger territories. Slovakia is not becoming independent because it is economically weaker, but in spite of it. Precisely the fact that the transformation of the economy has greater impact in a weaker Slovakia is the reason why the HZDS has, from the beginning, striven for some kind of form of confederation or union, for that kind of "Czech insurance company."

As far as the practical fulfillment of the HZDS preelection program is concerned, it does not appear that V. Meciar is in too great a hurry to bring about some kind of "softening" of the reform or to pump money into the economy. His first worries involve restriction and a slimming down of the state administrative apparatus. The fact that coupon privatization is expected to be curtailed in Slovakia in favor of "standard privatization methods" can also not be understood as a uniquely leftist activity. The Slovak budget is simply in need of funds which the government intends to acquire through direct sales and that is why it is reducing the amount of property being virtually given away under coupon privatization. The only thing that can attest to the fact that Slovakia is returning to pre-November conditions is the uncompromising progress being made to oppose the lustration law. However, that law had nothing to do with the economy and, for V. Meciar represents not only woeful personal experiences, but is a threat to his power interests.

Representatives of the International Monetary Fund who have met with the Slovak prime minister have spoken of the fact that very few Eastern European politicians are as pragmatic as he is. The crusade against the reform primarily originated as a result of the rebellion against "Pragocentrism." The effort to achieve actual emancipation became visible in the economic area as a result of the rejection of the "Prague reform," which was rightist-oriented, as a result of the coincidence of circumstances. At this moment, it is difficult to say that Slovakia wants to be leftist. In any case, however, we know that it wishes to be sovereign and is going where it wants to go.

Ideology Link

92CH0990B Prague CESKY DENIK in Czech
24 Sep 92 p 3

[Commentary by Petr Pavlovsky: "Into the Socialist Featherbed"]

[Text] "*Slovakia Is Going Where It Wants To Go*"—that was the title of Tuesday's commentary by Martin Schmarcz in CESKY DENIK. The author refers to the fact that Slovakia wants primarily to be independent and that a trend toward socialism has nothing in common with that fact. "At this moment, it is difficult to say that Slovakia wants to be leftist."

The attempt to deideologize Slovak separatism is, in my judgment, a very unhappy one from the political science standpoint. In its consequences, it leads to the notion that the majority of Slovaks are an absolute rarity in the civilized world; it leads to the notion of a fanatically nationalistic nation striving for national independence irrespective of the cost, in a self-destructive manner. ("Slovakia is not becoming independent because it is economically weaker, but in spite of it.") I am convinced that the majority of the Slovak population is by far not so exceptional; I am convinced that even in Slovakia the proverb referring to the shirt being closer to the skin than the coat is applicable and that Slovak voters during the elections thought more about themselves than about the international legal subjectivity of Slovakia.

We can follow manifestations of nationally colored separatism virtually throughout the entire northern hemisphere. Where they are not backed by ideological confrontation, however, they generally do not lead to destruction of the state. Certainly in Canada, Belgium, but also in Great Britain and Spain, there are nationalistic difficulties, but they do not bear comparison with us or even with Yugoslavia. Disputes in those countries truly only involve the level of national "specifics," and do not conceal any fundamentally different economic and social concepts.

M. Schmarcz writes that various erroneous arguments "compel the notion that the Czecho-Slovak problem is primarily a dispute involving the essence of the reform." I must ask: And is that not the case? Was not perhaps the fundamental postelection dispute between the victorious parties over the fact that according to the ODS [Civic Democratic Party] the reform has hitherto been correct and it is necessary to continue it, whereas according to the HZDS [Movement for a Democratic Slovakia] it is bad and requires to be changed?

Let us pause over several other arguments in the commentary. "...The effort to achieve equal rights on the part of Slovakia is far older than the disputes involving the reform." Certainly, but getting equal rights does not

mean secession! The latter does not occur unless nationalism is strengthened by ideology and by concomitant social practices, be they fascist or socialist.

"The father of the formulation 'two stars, two footstools' was Jan Carnogursky, whose government no one from the Czech side accused of impeding the reform." A short memory, my dear colleague! Remember the socialist "fly aways" committed by J. Carnogursky; remember the statement by V. Klaus that some economic ministers of the KDH [Christian Democratic Movement] (for example, the minister of "forests, waterways, and mountainsides") held more leftist views than Mr. Filkus of the HZDS. After all, all of the SKDH [Slovak Christian Democratic Movement] which today openly espouses "Christian socialism" was part of the Carnogursky government coalition until the last moment. Specifically: Are not the realization of such projects as Gabčíkovo, the aluminum plant smelter at Zdiar, or the slowing down of the conversion of the weapons industry and the "drowning" of money intended for that purpose tantamount to impeding the reform?

After all, we cannot trivialize all of the polls indicating that the majority of the citizens of Slovakia wished to preserve the common state. If they nevertheless voted for the HZDS, it could have not been for any other reason than the fact that that party was promising a fundamentally different economic program. If Slovak voters were primarily concerned with the creation of an independent state, they would surely have voted mainly for the SNS [Slovak National Party] which was the only one that had long had that clause openly in its platform. However, the SNS did not take any kind of stand with regard to the fundamental changes of economic reform. In other words: It was the vision of a socialist featherbed that cast a shadow over the declared longing to preserve the common state in the minds of many Slovaks. It is not possible to have a common state with anyone who wants to foist capitalism, which I do not want, on me!

"The fact that coupon privatization is expected to be curtailed in Slovakia...can also not be understood as a uniquely leftist activity." And how are we to understand it if direct sales will involve "proven enterprise managements" and employees are to receive the sweetener of employee stock certificates? A look at Hungary and Poland clearly shows the prospects—a slowdown in privatization, preservation of state participation in the entrepreneurial sphere for years and years to come. Of course, that is also connected with the rescission of the lustration law, which has a great deal to do with the economy in a surviving socialist system, contrary to what Martin Schmarcz writes.

I do not want to embark upon unnecessary hypotheses regarding any ideological connection with the East and the influence of the KGB upon events in the postcommunist countries. If I return to the sentence cited in the first paragraph, then I must state that "at this moment" we can say anything about Slovakia, but that only the future will show whether we were right. Yes, within a year and a day, the "true colors" will show, Mr. Schmarcz!

Carnogursky Contemplates Slovakia's Future

93CH0006A Prague LIDOVA DEMOKRACIE in Czech
29 Sep 92 pp 1, 3

[Interview with Jan Carnogursky, former prime minister of the Slovak Republic, by Radomir Maly and Kristian Chalupa; place and date not given: "A Central European Benelux? How Dr. J. Carnogursky Sees the Future of Slovakia"]

[Text] *The September issue of the cultural social monthly BRATISLAVSKE LISTY carried an article by J. Carnogursky, chairman of the KDH [Christian Democratic Movement], entitled "Are We To Be Sorry That We Are Not Establishing a Slovak State?" In his conclusion, the author writes: The Slavic world is in a critical state today. The Slavic nations in what used to be Yugoslavia are fighting against each other; the Slavic nations in the former Soviet Union are always in the act of preventing mutual conflict at the last moment. The Slavic nations in Czechoslovakia are obligated not to intensify the crisis existing in the Slavic world. The KDH is not establishing a new Slovak state, but the KDH will be in it so as to reveal truth, to defend those and that which will require defending, and so as to help Slovakia overcome the difficulties caused by others.*

[LIDOVA DEMOKRACIE] Mr. Chairman, how do you feel the situation in Slovakia will develop following partition of the republic into two independent states?

[Carnogursky] Many people feel that independent existence will actually be a continuation of the existing existence of Slovakia within the framework of the CSFR because they have no other experience. Over time, society as such will simply find out that the opportunities at the disposal of Slovakia are more limited and that an independent Slovakia will have to be more modest. By the word modest, I mean that our state will not be able to realize any kind of grandiose industrial projects, that in foreign policy the opportunities at the disposal of Slovakia will be very modest. On the other hand, it is certain that the formal essentials of Slovak state existence will be more visible, fuller than they have been hitherto. Economic and political pressures on Slovakia will be greater and it will, at the very least, take a few years before the situation stabilizes. We in the KDH are aware that if Slovakia were not to withstand the economic and political pressures that will be concentrated on it after independence, it could not make any demands or set any higher goals for the next 100 years. Within the framework of the KDH, we resisted the demise of the state because we were aware of all of those disadvantages. However, we shall do everything possible to see to it that Slovakia endures and stabilizes itself. However, I would still like to point out one aspect I noted in my article in BRATISLAVSKE LISTY, and that is that I am personally concerned lest the crisis in the Slavic world deepen.

[LIDOVA DEMOKRACIE] On our trip through Slovakia, we noticed something else—that is to say, some people are afraid to speak openly. Should we consider

the fear that democracy, under the present government, might somehow be restricted?

[Carnogursky] As long as the KDH exists, democracy will exist in Slovakia. I do admit, however, that it could be a democracy under siege.

[LIDOVA DEMOKRACIE] What is the relationship of your movement to the Ruthenians?

[Carnogursky] The relationship of the KDH is good with respect to all nationalities living in Slovakia. Just for purposes of illustration—my government included a Hungarian party, as part of the coalition, and another two Hungarian political parties supported the government, even though they were not formally part of the coalition. We have no problems with the Ruthenians. The first world congress of Ruthenians was held in the spring of this year precisely in Slovakia. I believe that the Ruthenians have the best conditions in our country of all regions in which they live.

[LIDOVA DEMOKRACIE] The chairman of the Ruthenian Rebirth Movement, Mr. Turok, told us in Presov that he had asked your government to support his organization, but that you did not do so....

[Carnogursky] They asked for financial support. They did get some, but not as much as they wanted. The state budget simply did not have any money for that.

[LIDOVA DEMOKRACIE] We would like to return once more to the Hungarian minority. Are you not afraid that some kind of, let us say, disagreements could arise in the regions where Hungarians live?

[Carnogursky] Yes, I am afraid that is so, because the current Slovak government is not conducting an adequately wise nationality policy. Even we are a bit in opposition now, together with the Hungarian political groupings. We enjoy closer collaboration with the MKDH [Hungarian Christian Democratic Movement].

[LIDOVA DEMOKRACIE] Will that collaboration not have any negative influences on your sympathizers and devotees?

[Carnogursky] No. Our close collaboration with the MKDH is not upsetting any of our sympathizers. And moreover, even our members who live in southern Slovakia are a sort of connecting element between Slovaks and Hungarians.

[LIDOVA DEMOKRACIE] These days we frequently hear the view in eastern and southern Slovakia that we are now separating and that perhaps in three to five years we will have a tough time reuniting again. Do you personally have similar opinions?

[Carnogursky] That is precisely what I have already said. For the KDH, an alliance made on the basis of the fact that Slovakia is dissatisfied with its independence and would like to return to being part of the republic is unacceptable. I admit the possibility of a reconnection,

but only on the basis of two stabilized states within the framework of some kind of broader constellation. I believe that either both republics will join the European Community or, let us say, they will find an arrangement within the framework of the Visegrad Four. That could then develop into some kind of a closer association.

[LIDOVA DEMOKRACIE] Something like a Central European Benelux arrangement?

[Carnogursky] Yes, I would consider that to be optimum and ideal. Of course, with the participation of Poland.

[LIDOVA DEMOKRACIE] Thank you for the interview.

Critical Glance at New Slovak Constitution

92CH0978B Prague RESPEKT in Czech No 36, 1992 p 3

[Commentary by Peter Schütz: "Advantage for Czech Side: Effective 1 September Federation Does Not Apply Beyond Moravia"]

[Text] On the evening of 1 September Vladimir Meciar managed to fulfill the second of his campaign promises: Following the recent sovereignty declaration, the plenum of the Slovak National Council [SNR] also approved the "first democratic" Constitution of the Slovak Republic [SR].

Clearly, the approval of a full SR Constitution signifies neither the beginning nor the end of the CSFR's actual breakup. In the context of steps leading to the demise of the federation it is hardly more than a meaningless episode because this state must divide up as of 1 January 1993 even if there are still no republican constitutions ready by that date.

Yet the constitutional act on the Danube has its undeniable political significance. In the ongoing play on state powers it means a great advantage to the Czech side in the event the present scenario of cooperation and coordinated separation should prove unworkable. Any unilateral step of the Czech Republic will henceforth be only the second in a succession. By adopting a constitution Slovakia has already become the initiator of the breakup, not only politically but also legally.

It is only from this perspective that it makes sense to debate whether or not by adopting a full constitution Slovakia has opted out of the federation. Regardless of the fact that the federation no longer exists in reality, the most precise interpretation of the given state of affairs is as follows: Slovakia has not opted out of the federation, it only abolished it on its territory.

Despite certain improvements in the government draft by committees in the SNR it can be said that the Constitution does not provide for adequate guarantees of a democratic development and law-governed state. The entire document is marked by an enduring Bolshevik mindset of its creators for whom superficiality of approach and disrespect for the law as such is emblematic.

The project contains a number of absurd and comical provisions having the effect of a *sui generis* intrusion into constitutional law. For instance, invalidating the result of a referendum by parliament and spelling out a right to work. An unbiased observer must ask himself how the Slovak courts will handle—and especially resolve—the tens of thousands of cases filed by the unemployed suing the state for violating a "fundamental right."

Despite efforts at a correction, the final version of the Constitution retains also the unbalanced relationship between the legislative and the executive. The Constitution guarantees a very strong position for the prime minister. For instance he has the power to propose to the president cabinet members not only for appointment but for dismissal as well. If he resigns, the government falls with him. Evil tongues support that the document is only one small thing short of perfection: stipulating a leading role for Vladimir Meciar.

The Constitution's preamble romanticizes and idealizes national history in an undignified fashion. From this then derives the most serious flaw of the entire document—the unequivocal dominance of the national principle over the civic principle. The lead sentence "We the Slovak nation" elevates the nation rather than the citizen to be the foundation of the state. The subsequent reference to members of national minorities and ethnic groups is no more than a sop to pacify them. The population is in fact divided into citizens of the first and second category.

Defenders of the national principle naturally take exception to such interpretations. But their arguments do not convince, rather the contrary. It was precisely during the stormy discussion on the Constitution that the entire poverty of their conceptions repeatedly came into full view. For instance Minister Hofbauer raised the question whether it is normal that "a Slovak child of Slovak parents should have to travel 20 kilometers in Slovakia to the nearest school." Yes, perhaps it is not normal, but hardly less than if these same 20 kilometers should be traveled by a Hungarian or Roman child. And it does not matter at all whether in Slovakia or somewhere else.

Representatives of the Hungarian coalition proposed a number of amendments relating to the rights of national minorities. The substantive merits of some of them are certainly debatable but equally one can say that the proponents would have been perhaps satisfied with a positive acceptance of a fraction of them. Yet Prime Minister Meciar refused to conduct with them even the semblance of a dialogue. The Hungarian deputies' walkout from the hall before the final vote was then a logical consequence of the national principle applied in actual practice.

Similarly as the Hungarian parties the KDH [Christian Democratic Movement] had no chance to get any change incorporated in the text. So it was in the end only Weiss' transformed Communists who managed to amend at least some of the HZDS [Movement for a Democratic

Slovakia] visions. Thanks to them state secretaries responsible to the government rather than the parliament were dropped, the cabinet was deprived of a suspensory veto power, and so on. It was a laudable performance and SDL [Party of the Democratic Left] undoubtedly deserves appreciation. But that party's effort has of course two beauty blemishes. The first is that SDL criticizes Meciar's movement with the same decisiveness with which it later raises its hand together with it when the time comes to vote a final yes. The second blemish is an uncomfortable truth to think about: How far have we got in less than three years since November when the only influential parliamentary party which at least simulates a democratic sentiment is the successor organization to the Communist Party of Slovakia?

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Slobodnik Defends His Positions, Measures

92CH0974A Bratislava KULTURNY ZIVOT in Slovak
10 Sep 92 pp 1, 3

[Interview with Dusan Slobodnik, Slovak Republic minister of culture, by Peter Sporer; place and date not given: "Slobodnik Is the Seed and Slovakia Is the Sun (Over Which Someone for Transparent Reasons Wants To Draw a Dark Cloud)"]

[Text] One morning I found an envelope on my desk and in it were Dutch and Swedish newspapers calling attention to the statement and article of Martin Simecka. And thus in these incriminating lines, for which he should, as the SR [Slovak Republic] Minister of Culture Dusan Slobodnik recommends him to do, apologize to the Slovak nation, we read (in an accurate translation of them): "I am shocked," says Simecka, "by the aggressive nature which is being displayed primarily by the newspaper KORIDOR, which is close to Meciar's Movement for a Democratic Slovakia. This is the most important voice of Slovak coexistence and what does it say? Force. Force against the traitor, against the Jews, the Hungarians, the Gypsies. Naturally, these are still just words and when you go out on the street you see the same peaceful picture as always. But do not forget that we know from history where it will end when it starts off with the language of war. You will not have to wait long for force itself to appear." (A copy of the Dutch texts is printed on page 3.) Simecka's article in the Swedish newspapers has not showed up in its complete form, up through today's issue. However, the editors are prepared to include it at some point; it involves "facts" which are about as harmful to Slovakia's good name as the "facts" in the Dutch newspapers, even though Simecka is only repeating what he has already said in another way on the pages of KZ [KULTURNY ZIVOT].

[Sporer] Sir, two totalitarian systems have impacted on your life, fascism and communism. Today you have an opportunity to affect the fate of others. Will you commit yourself so that they will not have to experience what you

have? For example, if your party were to decide to persecute someone for "incorrect" opinions, are you prepared to take a stand resisting it?

[Slobodnik] Two systems impacted.... Well, only by what I have lived through. The question of persecution is basically without substance because our movement does not intend to persecute anyone. It is a democratic movement, so that the combination question of the movement and me does not come into consideration. It is absolutely excluded since we live in a democratic world and we are happy to fit into it. But as a generality, that is, now as a contradiction to the movement, I declare that I have lived through such experiences and therefore take no revenge. I just defend my rights when I consider it unavoidable and when I am forced to do so.

[Sporer] The psychologists assert that the period when a young person enters the world of adulthood marks him for life. Writers assert something similar; the author is perhaps never free of the prism of that viewpoint. What did it give you, what did this period through which you lived at the end of the war in the concentration camps crystallize in you?

[Slobodnik] There is a relatively simple answer to that. It crystallized in me a deep conviction of the dominance of the truth and faith in people and, of course, also the desire not to do harm to people, as I have always put it. It is something which you could call an understanding of the essence of life, an understanding of the unhappiness in which a person can find himself when he falls into captivity. Anyone who lives through this is aware that you never should wish that on anyone and that, on the contrary, it is necessary to strive for people to live in peace and harmony. So from that nine years of jail and the camps I acquired the belief that the Christian principle of humanism is the most essential thing in a person's life.

[Sporer] The German philosopher Ralf Dahrendorf sees a certain inevitability in the anatomy of a revolution. He states the after the moderates have power comes the joint government of the extremists, then the government of the firm hand, and everything culminates with the "thermidor." This is supported by the common indicators of the French, Russian, Nicaraguan, Chinese, and other revolutions. Later, after several years, there slowly comes a democratization of society. Will the HZDS be, or is it already, the government of the firm hand?

[Slobodnik] This overall assertion of yours is not confirmed by history, but if you wish, a somewhat similar scenario was already experienced by the previous government coalition. We have proof of this and it will soon be made public. For them, it was a matter of having the greatest possible power and establishing it as much as possible in the organizational frameworks which are essential for the society in banking, in the media, etc. So the previous coalition was the government of the firm hand which, of course, does not mean that it locked people up or executed them. Do I not know why for the second time they are trying to force on me the idea that the HZDS is the government of the firm hand?! What this expresses? If the HZDS was the government of the firm hand, then perhaps it would have known how to act

against those who are against it. But you see, it is not doing anything of the kind. And it will do so only if they have broken or are breaking the law.

Surely you cannot say that when the governing party asks for its fair share in the dissemination of information and its fair share in other areas of life that it is inclined toward totalitarianism?! That just is not true. So why do certain circles repeat over and over again that this government is a totalitarian administration? This is all fabrications and inventions. Or a perverse desire to find themselves in a dissident movement.

[Sporer] In this context, I would then ask you what does the change in the directors of the okres hospitals for members of the HZDS mean in the field of health care? I saw the list which was the basis on which the exchange of directors was carried out only because the new candidates were members of the HZDS, founding members of the HZDS in the okres capitals.

[Slobodnik] That is an isolated case and I know of that list from the newspapers. In general, however, I recommend that you ask that question of the minister of health. I think, however, that even there the changes are not being made according to the party affiliation, as you indicate to us. The exception cited by you just proves the rule. How was this even carried out! You should know how the staffing was done in the health services during the era of the previous minister.

However, let us take the media. That is the field closest to us. Can you name me one person in the media, specifically in Slovak television prior to June 1992, that is, before the elections (but really up until now), who belonged to a different group, I am speaking here of the top positions, than those that were governing at the time—the ODU [Civic Democratic Union], the KDH [Christian Democratic Movement], or the DS [Democratic Party]? If you can name me one such person, then I will say that you are right. Name me someone from the opposition who was in a top job in TV at that time. It is true, however, that at that time no one from those in opposition claimed that it was in conflict with democracy.

[Sporer] I start with the idea that if a person is working in the mass media, he should not be either in the opposition nor in the governing coalition. On the contrary, he should be a person who is capable of looking on political events as if they were a play in which he cannot get involved. I see such a person in the chief editor of newsroom, Fuele. I do not think he actually belongs to either the opposition or the coalition. He is primarily a journalist.

[Slobodnik] Mr. Sporer, you are painting an idealized picture. Journalists have party affiliations. That is probably unavoidable. Their views give them away, sometimes even against their will.

As far as your opinion of Mr. Fuele, I do not accept it. I have an entirely different opinion of that gentleman. All

his activities, his involvements, and all his actions new testify to the partiality of his political priorities. I am not saying that he must formally belong to some party or movement, but his political activities are biased because he considers it democracy when he gives time on television to the opposition to a disproportionate degree; I emphasize that, to a disproportionate degree. To that opposition which suffered a defeat, and I would dare to say a decisive defeat, and which proved itself incapable of understanding Slovakia's problems. Despite this, if we took it only quantitatively, then the representatives of this particularly extraparlimentary opposition have disproportionately greater coverage in the TV programs than do the representatives of the other party.

You say that Mr. Fuele is nonpartisan and objective. He did an interview with me in the SNR [Slovak National Council] building. His first question, which I cannot call anything other than provocative, was, "So, what do you think about nationalist realism?". Even though he knows very well, and now we also know, who is behind this fiction. Mr. Fuele also knows very well that this is a fabrication, that nothing like this could originate from the Ministry of Culture, and that it is an absurdity. The purpose was to show Slovakia in some kind of absurd position. All the foreign journalists who came to me repeated this question. Who whispered it to them? Who hunted up this dozen or so journalists so that they would come to me with this question? I patiently explained that something like this is simply unimaginable. It has no specific theoretical parameters; it is in itself nonsense, the possibility of which is excluded by the fact that we insist that artistic freedom is totally free and no one can place limits on it through any kind of censorship. The censorship here is Mr. Fuele de facto oppressing the movement and government! He does not want to admit that Slovakia's situation is serious. It is serious in the sense that we are facing the most important decisions in its history. When Mr. Fuele does everything to prevent coverage of those who are implementing this policy—only after a long struggle did the representatives of the government get some 10 minutes of coverage a week on TV—and when TV has no discussions on the economy, the state legal composition, and such matters as are vitally important for Slovakia (and in which, of course, the opposition should also participate, if it is not to be just a discussion between representatives of the government), then it is necessary to call things by their true name. Mr. Fuele and those covering for him, along with the financial machinations of Mr. Fuele !!! (Mr. Kleis), are playing for time. Are they concerned with delaying the truth coming out about Slovakia or do they want the viewers to find out as soon as possible what the current political representation of Slovakia is fighting for and what they want to implement in the interests of Slovakia?

Mr. Fuele simply wants to put Slovakia in a worse starting position and to make it impossible for the Slovak public to be properly informed about all the matters, so that they can make decisions based on the facts.

[Sporer] Did the former governmental representation, in your opinion, not get any provocative questions from Jan Fuele? Do you believe that a journalist has no right to raise provocative questions? Questions which are not servile?

[Slobodnik] A journalist also has the right to raise provocative questions, but there is a fine, delicate line when a person on the one hand recognizes the background of the journalist and knows that he is playing along with one side, I do not mean politically. Then it is clear that it is a matter of intentions and a tendency. I do not remember Mr. Fuele putting any provocative questions to Mr. Carnogursky or Mr. Porubjak. He probably saved them for another time. A journalist must always rely on the facts. I cannot imagine how a well-known journalist can raise a question which is a priori, as he knows and as all of us know, simply not only a provocation, but is based on a consciously incorrect fabrication and a consciously incorrect point of departure.

[Sporer] What place do democratic values hold in your scale of things?

[Slobodnik] A very high one. If you indict me for committing some undemocratic act, I will be very sad about that, obviously. I am afraid, however, that you will not succeed in doing that because those acts which I perform are based on the laws and will always be in accordance with the applicable laws. Even the economic delinquencies which are being investigated arise from violations of the law. I cannot even permit myself to perform any kind of action which is not in accordance with the law because every undemocratic act which a minister might commit would mean his defeat and we would be convicted of it thanks to the opposition newspapers. Not one of all those people who are smearing Slovakia and who write against Slovakia, not only at home, but particularly in foreign countries, has convicted the HZDS of a single undemocratic act. I would say that many of the former politicians are defending now what they attacked before the elections and what for them is the measure of democracy, their kind.

[Sporer] When we look around us at Yugoslavia and the CIS [Commonwealth of Independent States], it almost seems to be the rule that the representatives of the nationalist interests very rapidly start to part with democracy. Are you convinced that Slovakia will be the exception? Under these conditions, how do you see today's split in the Slovak intelligentsia, which is still minimal?

[Slobodnik] It is not fair when you mention the CIS and Yugoslavia. You see that the ODS [Civic Democratic Party] and the HZDS are proceeding totally differently and you know that the relations between the Czechs and the Slovaks have been different over the course of history. Or does someone—I do not say you—want a Yugoslavia? It would be a great pity if the intelligentsia in Slovakia was as united as it had to appear outwardly under the past regime. Of course, even then there was no

unity; we knew who was working overtime and who was doing only as much as simply had to be done. Slovakia is a country which does not intend to "split with democracy." This is asserted only by those who want to convince the world of the opposite, usually without any proof.

[Sporer] In the concentration camps, you encountered people in extreme situations where each one's individuality could show itself most truly. Thus it was with people from the lowest animalistic level up through the highest peaks of the human spirit. You were able to convince yourself that in determining "who is who" nationality did not play any kind of role. Why are you then committed today more to national values than to universal human values? Is membership in a nation perhaps worth more than honor, morality, and freedom?

[Slobodnik] I think that only in this country do we put some national values in conflict with those universal human ones. There is indeed complete harmony between them. The nation is a normal social category and each society incorporates it, even if it does not appear that way outwardly. This can be easily shown in the life of every national society. We incorporate those national values which we can comfortably call universal human ones. Our national orientation, which we acknowledge and support, has never, not even in half a sentence or half a word, meant a negation of another nation or another national group. It represents only an effort to get room for the nation where for objective reasons, and I will not name them here, room was not provided in the past. I definitely do not understand the efforts at pushing national values as a counterbalance to the achievement of universal human values.

[Sporer] In your opinion, should a minister not suppress any cultural movement or cultural act, or should he actively manage them, make decisions about them, and interfere with them?

[Slobodnik] In no case, as you see, should the ministry either manage them or interfere with them. It follows from an autonomous cultural life that there are different groupings here in the field of literature, sculpture, film, and such. It is not the role of the ministry to manage these organizations, but rather to assist them, to orient them, and, of course, to eliminate extremes. Not to eliminate them by administrative actions, but by pointing out to this or that movement that it is not in accordance with the democratic development of Slovak society. If, for example, a specific example, someone in a foreign country slanders the Slovak nation or someone makes statements about it like Mr. Martin Simecka—and we will soon know about it from the Swedish sources as well, although today we have only the Dutch available—that there are preparations to use force against the Czechs, the Germans, the Jews, and the Hungarians, then I take that to be a tendency which is in conflict with the ethics and in conflict with the law. This is not just an opinion, but a fabrication of bald-faced lies. Obviously, I do not have any way to take action against this

fabrication other than with words, that is, using the weapon with which they are fighting. It is, however, the tendency of a certain grouping around an opinion who want for it to be all the worse for Slovakia after the separation. So they try to create fictions in the world that Slovakia is undemocratic, anti-Semitic, posttotalitarian, postcommunist, etc. Of course, if this were to be actually true, then the journalist, the publisher, and the writer have the full right to assert such a thing. What a writer does not have the right to do, especially when covering himself with the veil of the Penclub, is to produce lies. I think that Mr. Simecka should at least apologize to that nation for what it wrote about it in the Dutch newspapers and for what he has said about it in other forums.

[Sporer] What do you today consider to be the primary task in Slovakia's culture?

[Slobodnik] Its overall development. This means the development also of those branches which the former ministry neglected, the development of local culture which really fell behind thanks to the fact that certain tendencies and certain movements were clearly given priority. It is my task to be an objective "guardian" to make sure that the entire culture develops dynamically to its full range of values and with a proper pedigree. This is not any kind of directive nature or any forcing of one's own views on others, and certainly not enforcing some kind of totalitarianism or antidemocracy. The society would not allow this even if there was such a tendency, but I repeat that there is not.

[Sporer] In an interview for SMENA, you said "We do not exclude the possibility of legal changes in the publishers of some periodicals. We will search for a solution which would correspond to the interests of Slovak culture." Who makes the definitive decisions on what is in the interests of Slovak culture?

[Slobodnik] The minister must respect the legal actions. When we speak of restitution in Slovakia, then we must understand restitution to be something which has validity in the culture as well. In that interview, we were specifically referring to the Slovak viewpoint. Since the Slovak Association has established the requirement to return to the Slovak viewpoints, we must deal with this question and resolve it in accordance with the law, which is for me a categorical imperative. If the law states that it is unavoidable and justifiable, I have no other possibility than to comply with it.

The interests of Slovak culture are multifunctional and no one can claim the right to deny people who think differently any room for their concepts in literature. It is, however, strange and not entirely right when, of all the periodicals which the minister subsidizes, right before the new government took office there was a year-long allocation given to KULTURNY ZIVOT and SLOVENSKE POHLADY in particular. And they thought up a pretext for this which, to put it mildly, is not true. This is also borne out by the fact that this support (no one would reduce the money for them!) is used to fight

against the government which is the result of democratic elections. This is a strange, a very strange practice.... The opposition has and will have periodicals in which it can express its positions.

[Sporer] Allow me at this opportunity to repeat the question put by KZ when its chief editor reacted to your words in KORIDOR, where you write, "Martin Simecka as part of a premeditated campaign which is being illegally stirred up by a group centered on the weekly KULTURNY ZIVOT..." What does "illegally" mean and to whom does it refer?

[Slobodnik] It is illegal when statements are made accusing the Slovak nation which are in conflict with the truth and which are slander against Slovakia. That is the crime of dissemination of alarming information. Read the Criminal Law Code. This game of spreading untruths is being played by people who cooperate closely with KULTURNY ZIVOT. I will not say their names because they are already well-known. They have a single goal and it grieves me terribly; I do not know how to understand this in a reasonable way. The sole reasonable explanation, and I say that in quotation marks, would be if everyone who is carrying out this campaign wants to move to somewhere else, to the Czech lands, to the United States, to Hungary, to Poland....

[Sporer] Should I understand this to be a threat on your part?

[Slobodnik] In no way is that the case. I just do not understand how people who want to live here and do live here and feel themselves to be part of this national society can have as goal the dissemination of false information about Slovakia all over the world. Either Simecka does not feel himself to be a member of this national society or he is doing this for a goal which for me is incomprehensible and which cannot be called anything other than unfair and not objective.

[Sporer] So your words in KORIDOR which were directed at him and at the KZ did not concern an attack on you personally? The attack on the person of Minister Slobodnik is unconnected with the attack on Slovakia?

[Slobodnik] No, I do not make that connection. Although my person could also serve as a cover for an attack on Slovakia. I have interesting factual information on this which will be published at the proper time. But this is another question. I am not some kind of megalomaniac that would identify himself with Slovakia and I do not think that these attacks are primarily directed at me. It is obvious to everyone that it is not a matter of an attack on my past, but on the present situation. Finally, the truth will come out clearly during the judicial discussions of the offenses with which they have accused me. I truly do not think of myself as Slovakia. I know my place in society and I do not think that it is the last place, but in no case do I exaggerate it. This is a matter of more universal attacks in which one must include as well the unsubstantiated false accusations directed at Mr. Meciar and the accusation of the

entire nation of fascism, anti-Semitism, etc. Slobodnik is the seed and Slovakia is the sun over which someone for transparent reasons wants to draw a dark cloud.

[Sporer] In Ruzomberk during the celebration of Andrej Hlinka Day, you called me your enemy. I understood from this that you divide people into friends and enemies. What awaits us, your enemies? With some irony or looking backward, just a dissident movement or the gulags?

[Slobodnik] You know very well that it will not be either a dissident movement or the gulag. The Slovak politicians are not looking for any revenge or any gulags. The power is indeed now in our hands and have we undertaken any measures or have we sent you into the dissident movement or condemned you to the gulag? Are we preventing you and the others from writing or do we refuse to deal with you?

The fact that I have to consider some people my enemies was, unfortunately, forced upon me by the post-November experiences. I had never thought that it would come to this point. I knew many of the 27 who signed along with me very well and I had the feeling that we got along normally. In any case I had not offended them as a result of my ethical principles. It is therefore a bitter disappointment for me that there appeared a few names there which I truly had not anticipated would join in such a campaign or give it respectability; they believed something for which there is no proof. I hope that you saw the documents published in LITERARNY TYZDENNIK. Everyone who signed it could only have had my book available. There is no other documents in the world which could prove any guilt of mine or any kind of "action" in which I took part. There are none because, in my case, there has not any kind of an "action." Even Mr. Mnacko pulled out of the lawsuit in an elegant way; he wrote that he had never stated that I was a fascist. We can call it even, but why did he have to shoot more poisoned, untrue arrows at me? But God be with him.

And as the book testifies about my past, it definitely is not the legal or ethical past of a fascist or an SS trooper.

If you followed the "lawsuit" closely, you could not have failed to notice that I never once answered at the level of "below the belt." I considered it undignified to "argue" that Strasser was this kind of person and Strpka and Janovic that kind. If some journalists cast this or that in front of some gentleman, then they did it themselves without any incentive on my part. The kinds of "weapons" that Messrs. Feldek, Stolicny, and Ziak use I will gladly leave to those three gentlemen. And a fourth, Mr. M. Simecek, the Slovak chairman of Charter 77, writer, recipient of the Pegasus Award (USA), former dissident....

Division of Economies Expected To Be Difficult

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[Article by Ivan Sujan, chairman of the Federal Statistical Office: "The Division of the Economies Will Not Be a Simple Matter—Is the Slovak Economy Facing a Chasm?"]

[Text] *Different opinions exist with respect to the economic reasons behind the breakup of the Czechoslovak Federation, which is being prepared, and regarding the prospects of an independent Slovak economy. In a considerable portion of these views, which are being systematically presented to the public as undoubted facts, there are serious errors. The errors can misinform the citizenry and can influence the fate of entire generations. Therefore it is necessary, on the basis of an objective analysis of statistical data, and because of the interconnection of the data, to shed light on the economic side of the division of the Czechoslovak state.*

Error Number One: "The economy of Slovakia is on the verge of disaster because the Klaus economic reform impacts on it far too harshly so that Slovakia requires a different kind of reform and a different economic policy."

The main argument for that contention is the measure of unemployment in the Slovak Republic, which is said to be greater by several factors than unemployment in the Czech Republic. Except that if this manifestation were indeed the consequence of a harsher impact of the reform, then the decline in production would also have to be substantially higher. However, statistical data clearly show that the decline of industrial production from the beginning of the reform was only insignificantly higher in Slovakia than it was in the Czech Republic, despite the fact that Slovakia was relatively more impacted by the loss of a sizable portion of the Eastern markets and as a result of the conversion of armaments production (whose influence cannot be considered to be an impact of the reform).

High unemployment in Slovakia clearly has other reasons, which include a higher degree of previous social overemployment, slower development of private business, a less favorable demographic and educational structure of the citizenry (a higher share of Romany citizens, women at the end of their maternity leave, etc.), as well as a higher share of those unemployed who actually are not very much interested in working, but are satisfied with their unemployment benefits, together with supplemental payments for children, occasional work, satisfied with supplying themselves as a result of small agricultural production, etc. Therefore, the views that "Slovakia is paying 1.2 billion korunas [Kcs] per month as a result of higher unemployment!" are generally in error. Can someone seriously anticipate that unemployment will decline in Slovakia by doing away with the federation? For the present, all estimates and calculations indicate that it will grow substantially.

Negligible Differences

Statistical data for the first half of 1992 indicate that the economy of the Slovak Republic is, overall, in a less favorable situation than the economy of the Czech Republic, but is by far not "at the edge of disaster." The differences in the development of prices and in industrial production between both republics are negligible. Construction activity from the beginning of the year is actually growing quite rapidly in Slovakia, whereas it is stagnating in the Czech Republic. On the other hand, the higher degree of unemployment and the higher level of investments have resulted in the physical volume of consumption stagnating for the present in the Slovak Republic, whereas it is growing in the Czech Republic. In addition, the Slovak economy has a lower export capability and, thus, even a worse balance of payments, as well as a higher degree of insolvency among enterprises (a level which is quite high also in the Czech Republic). However, this is, to a considerable extent, the consequence of an inherited less favorable structure of production, as well as the result of the loss of Eastern markets and is not "the consequence of a federal restrictive policy" (which is, by the way, being gradually eased as of the second half of 1991 in the budgetary area, in the monetary area, and in the wage area).

The Outlook for the Slovak Economy

The outlook for the Slovak economy to the end of 1992 is generally satisfactory, something that is even confirmed by representative prosperity research done by the Federal Statistical Office (carried out in cooperation with the Slovak Statistical Office and with the INFOSTAT firm in Bratislava and involving approximately 50 percent of all industrial and construction enterprises). In the event a functioning federation is preserved, the economy of the Slovak Republic would have relatively decent prospects even for 1993 and 1994. According to our model computations, it could achieve a growth rate of its gross domestic product by 2.4 to 4.1 percent, the growth in private consumption could be 1.9 to 2.6 percent, the growth in investments could be as high as 6.5 to 9.6 percent, unemployment and inflation could be gradually reduced, etc. However, in the event the state is broken up, there will inevitably be, at least in 1993, a palpable decline in production, consumption, as well as investment, accompanied by growing unemployment (to more than 17 percent), and of inflation (to more than 19 percent), etc. Other estimates and computations (including those made abroad) anticipate even harsher impacts on the economy of the Slovak Republic.

According to our computations, the consequences of breaking up the state will lead to a reduction in private consumption during 1993 by 7.7 percent instead of resulting in a growth of 1.9 percent, that is to say, there is a difference of approximately - 9.6 percent, which is worth virtually Kcs20 billion (approximately Kcs3,600 less per capita in the Slovak Republic). The impacts in the area of the state budget and the balance of payments will also be serious so that "collapse" threatens the

economy of Slovakia sooner in the event the federation is disestablished and not at all in case it is preserved.

Even the leading representatives of the Slovak Republic are becoming at least partially aware of these problems and in recent times have spoken of the necessity for a "harsh restrictive policy" and a "tightening of belts" following the independence of the Slovak Republic. However, that is nothing other than a continuation of the Klaus economic reform. The fundamental question then arises of why it is actually necessary to insist on dividing the state (and to thus cause an express lowering in the standard of living of the citizens of Slovakia) and to do it against the will of the majority of its people, which was expressed during the elections, as well as in public opinion polls?

Error Number Two: "The emancipation process involved in nations becoming independent (and also of their economies) has an all-European character and therefore Slovakia cannot be an exception."

In fact, that process has continued in recent years only in what was Yugoslavia and the former USSR (and it was occurring elementally and, in many locations, accompanied by the shedding of blood), that is to say, in countries which had gone bankrupt, both politically and economically. In some developed Western countries, there are also nationality problems—in Belgium, it is Wallonia; in Spain, it is the Catalan area; in Great Britain, it is Scotland and Northern Ireland; in Canada, it is Quebec. However, terrorist forms of protest are seen sporadically only in northern Ireland where it is almost a religious rather than a nationalistic fanaticism that is at work. Nowhere, however, does the division of states and economies occur, but rather the search is on for functional solutions within the framework of existing countries (an example can be the recent compromise in Canada). In Western Europe as well as in North America and in other most advanced regions of the world, there has been no division of states for at least 76 years, when the last country to secede was Norway seceding from Sweden in 1905 and Ireland seceding from Great Britain in 1916.

Therefore, a justified question arises: Why should a bankrupt and unstable East be an example for us rather than a stable and prospering West?

Error Number Three: "After independence, the economy of Slovakia will be developing more efficiently because it will be rid of Czech guardianship, will not only be a primary product appendage for the economy of the Czech Republic, and will not be the worse off on account of the federal administrative apparatus."

Some kind of "Czech guardianship" (or rather "Pragocentrism") was perhaps possible in the past when the state was a command economy. Under market conditions, the incursions by the state into the economy are objectively limited. And given the current state of delimitation of jurisdictions to the individual republics, the opportunities of the federal government to intervene in the economy of the Slovak Republic are quite limited

and, given a parity composition of the government, any interventions which might disadvantage the Slovak economy are hardly possible.

Notions that the economy of the Slovak Republic is oriented primarily toward primary production and that finalization of products is concentrated in the Czech Republic are highly exaggerated. Statistical data indicate that the degree of finalization is higher in the Czech Republic, but not overly so. As examples, it is possible to list the production of refrigerators and freezers, color television sets, a sizable portion of clothing production, etc., which are predominantly concentrated in Slovakia. Of course, structural changes in the direction of finishing products are desirable and the government of the Slovak Republic can support them even under federal conditions; however, the decisive role must be played by the marketplace, that is to say, by the competitiveness of Slovak finishing enterprises. And the idea that final production is the only advantageous one is in error. Some Slovak economists even consider it advantageous (from the standpoint of export possibilities) that a higher share of primary production exists in Slovakia.

Unilateral Transfer

Various computations attempting to prove that the Slovak Republic is worse off because of the Czech Republic, and not the other way around, are quite unilateral. It is true that, for example, some intrastate regulated prices of energy, fuels, etc., are less advantageous for Slovakia in comparison with world prices, but in accomplishing comprehensive computations, it is necessary to include opposite cases as well and then the overall result is not so expressive so as to substantially reduce or even cover over the fundamental unilateral budget transfers from the Czech Republic to the Slovak Republic. We arrive at similar results by doing bilateral corrections (taking into account the territorial principle, etc.) of the statistics of recorded production and consumption, exports and imports, etc. Sometimes, there is also an increase in the share of workers originating in the Slovak Republic in the creation of the gross domestic product of the Czech Republic. The most recent statistical data indicate that this share amounted to approximately only 0.3 percent and cannot substantially influence the interrepublic balance sheet.

Expenditures for the federal administrative apparatus are also frequently exaggerated. Particularly following the most recent reductions in the number of federal employees, their extent is relatively small. If we disregard expenditures for defense, security, and foreign relations (because these would be borne by both of the republics even after the demise of the federation and would even be essentially increased), then the expenditures for the federal administrative apparatus can be quantified approximately at Kcs40 per year (including wage costs of Kcs20 per year) for each inhabitant of the Slovak Republic, as well as for each inhabitant of the Czech Republic. This is only a negligible fraction of the

losses which the population of the Slovak Republic would have to bear in the event the federation is eliminated.

Error Number Four: "The economic ties between the Slovak Republic and the Czech Republic will be fully preserved even after partition of the state with Slovakia becoming more visible and asserting itself better in terms of its international economic relations."

In that connection, it is necessary to repeat a fundamental dilemma: Either the economic policy in the Slovak Republic (certainly budgetary policy, tax policy, and monetary policy) will not differ substantially from that in the Czech Republic—and then there would be no need to partition the state—or fundamental differences will arise here, but then there will be a need to part not only with the federation, but also with the common currency and a problem will arise in the form of a possible payments or customs union, etc. In such a case, mutual trade between the Czech Republic and the Slovak Republic will gradually shift to world prices and to international standards for payments contacts, including settlement in convertible currencies. That will inevitably lead to a reduction in mutual trade, which we estimate at a minimum of a decline by 10 to 15 percent. The restriction in demand will impact relatively more on the economy of Slovakia, in view of its smaller size. The most recent prosperity investigation conducted by the Federal Statistical Office can be used to figure that more than 32 percent of Slovak industrial production is delivered to the Czech Republic, whereas the Czech Republic delivers only 15 percent of its production to Slovakia. But even given this smaller share, in view of the more than 2.5-fold greater volume of production in the Czech Republic, the Czech Republic runs a positive balance with the Slovak Republic within the range of approximately Kcs13-17 billion per year. The switch to world prices would mean a certain disadvantage for the Slovak Republic, but the above negative balance with respect to the Czech Republic, the impact of restricted trade with the Czech Republic, together with other impacts resulting from the partition of the state, as well as a lower export capability and a higher demand for imports by the economy of the Slovak Republic, will conspire to create a situation in which Slovakia, after independence, will have to confront a threatening negative balance of payments of around \$1 billion per year. This would most likely result in measures to specifically restrict imports, measures which, however, can hardly reduce the negative balance to less than \$500 million, so that, in the end, devaluation of the Slovak currency would be inevitable and would have additional impacts on accelerating inflation.

The Uncovering of Weak Spots

Thus, the economy of Slovakia will become "more visible" as a result of independence, both in a negative and also a positive sense, because it will reveal its weak spots which are thus far at least in part hidden within the framework of the federation. As it is, Slovakia benefits

only from a small portion of the influx of foreign capital into the CSFR even now. However, it is a gross error and it is misleading the public when this is being explained as a result of some kind of unjust decisionmaking somewhere in Prague. Foreign investors make their own choice of the regions having the most promising conditions. It is an illusion to anticipate that, after partitioning the state, they will flock precisely to Slovakia, whose economy will find itself facing serious problems. Attracting them, for example, with tax relief measures is problematic because this would result in worsening the budget of an independent Slovakia, which is already a deficit budget now.

Diminishing the Domestic Market

Among the most serious impacts of partitioning the state will be the diminishing of the domestic market. If the volume of industrial production in the Slovak Republic and the Czech Republic stands (according to statistical data for 1991) at a ratio of 1:2.54, then partitioning the state will shrink the domestic market for Czech enterprises from 100 to 72 percent, but for Slovak enterprises from 100 to 28 percent. The importance of the extent of the domestic market is documented in the long term by the peak output, efficiency, and innovative capability of the economy of the United States, despite the great burden of arming itself during the period of the cold war, despite racial problems, etc. The economy of Japan, which has the second largest domestic market, has also settled at the world peak. However, the results achieved by the Western European economies, even given some partial successes, generally fail to reflect their giant potential by far and this is precisely due to the splintering of markets into a quantity of national states. That is why the countries of the EC (for the present, excluding Denmark) have understood the necessity for closer integration according to the Maastricht accords. According to computations performed by specialists, realization of these accords will lead to an accelerated rate of growth in production and exports, as well as to a lowering of unemployment and inflation by 1.5 to 3 percentage points, that is to say, a reduction of approximately 30 to 60 percent from their current levels. Any disintegration can only result in having the opposite impact, which is still further exacerbated by any expenditures connected with dividing the state.

It Will Affect Both Economies

The partitioning of the CSFR will have an impact on both economies, but the consequences for the Slovak economy will be substantially harsher, not only because of its smaller size, but also as a result of its lower maturity. Even those who are not overly familiar with economics must be intuitively clear about the fact that if a less-developed economy separates from one that is more developed, it can end up being worse off. That is the case with Ireland, for example, which has to this day not recovered from separating itself from Great Britain and which ranks among the most backward Western European economies. Few people know that virtually

one-half of the gross domestic product of Norway is made up of extraction of oil in the North Sea. If it were not for that "gift from the heavens," like the other above-average natural resources (hydroelectric energy, fishery), Norway would most likely be paying the price to this day for its separation from Sweden. A classic example is presented by the majority of African nations, whose economic situation is worse than it was at the time they were the "exploited" colonies of European nations. The fought-for "independence" did not bring anything other than increased expenditures, indebtedness, inflation, and frequently even famine and internal conflicts.

And even in relatively developed smaller units (Slovenia, Croatia, the Baltic States, etc.) the advantages of their separation from a less-developed larger entity (termination of disadvantageous redistribution, etc.) are covered over by the impacts of specifically diminished domestic markets and expenditures resulting from the partition. After independence, their economic situation became expressly worse in virtually all cases (a decline in production, high unemployment, inflation, etc.). And Slovakia is among the rare cases of the present, in which a less-developed and smaller economy is splitting off from a more-developed and larger one. According to some Western economists, separation from the "Czech economic engine" will cast considerable doubt on the opportunity to accomplish a successful transformation of Slovakia to a West European-type market economy. The uncoupled "Slovak freight car" can easily find itself on a blind rail and come to a halt somewhere in the Balkan area or in the Caucasus.

The demand for Slovakia's subjectivity under international law (one of the principal reasons for partitioning the state) thus looms as a highly problematical "advantage" from the economic standpoint.

Error Number Five: "The cost of dividing the economies will be low and negligible; greater costs are connected with the current nonfunctional federation."

According to extremely simplified views, it is possible to reduce the costs of separating Slovakia to the cost of printing new bank notes, which will allegedly cost Kcs80 million. However, according to other computations, if these are to be bank notes at the current European level, their printing will cost approximately Kcs230 million. An additional Kcs550 million must be added to this as the cost of new postage stamps, cachets, passports, identification cards, etc. (disregarding the cost of millions of citizens having to stand in line waiting for these new documents). These costs will also impact on the Czech Republic to a proportionally greater extent. And this is far from being all. After dividing the foreign missions of the CSFR, the Czech Republic as well as the Slovak Republic will have to augment their portions to functional levels, something which will require the expenditure of significant amounts of additional foreign exchange. And dividing common property alone and renewing hundreds of international agreements will not be a simple matter, nor will it be inexpensive. The

establishment of the Slovak Republic central bank will also require considerable resources.

The Decline in Revenue

It is also necessary to figure on a temporary decline in revenue based on foreign tourists (a decline which is beginning to show up already), as well as a slowdown in the influx of foreign capital with the appropriate consequences, a worsening of conditions for the acquisition of credits in the international banking market, which is extraordinarily sensitive to the stability of nations, etc.

The impacts resulting from restricting mutual trade between the Czech Republic and the Slovak Republic, as well as those resulting from solving the negative balance of payments of Slovakia, have already been mentioned. There will also be the separation of state budgets, following the principle "Each one for himself" which, even after several corrections to benefit Slovakia (anticipated solution involving the yields from the transit gas pipeline and petroleum pipeline, etc.) will specifically "reveal" the deficit nature of the Slovak state budget. The latter would be further impacted as a result of the anticipated deficit financing pertaining to developmental programs designed to mitigate the threatening growth of unemployment. The budget deficit would then inevitably lead to an accelerated increase in prices, along with other negative consequences. And the express worsening of the economic situation in the Slovak Republic, namely the decline in production, consumption, investments, exports, etc., together with increasing unemployment and rising inflation, will occur at the most disadvantageous time, precisely when the economy of Slovakia has overcome the express decline resulting from the first phase of economic transformation, intensified by the loss of Eastern markets and by other influences, with the expenditure of considerable effort. A special problem is presented by the social tolerance of an additional worsening of the standard of living, brought about by partitioning the state.

In this analysis, we anticipate with considerable optimism for now that the partitioning of the state will occur in a cultured and organized manner, despite the complications and a series of problems (mostly of a property nature) which will most likely have to be solved in an extremely brief period of time. We also anticipate that the period immediately prior to partitioning the state will not result in a difficult-to-control panic among the population and among business people, particularly in Slovakia, as a result, for example, of the mass withdrawal of deposits (mostly foreign exchange deposits) coupled with attempts to place them in the Czech Republic or abroad.

For the time being, an open question remains regarding the expenditures connected with preservation of the inadequately functional federation. Views regarding the character of the current Czechoslovak federation are quite divergent. In the Czech Republic, the view in

recent times predominates that this is actually a confederation and that the disintegration of the state has been ongoing in fact for at least two years now. In Slovakia, in contrast, it is frequently claimed that we continue to have a "unitary federation." Both sides consider the current federation to be nonfunctional. It is perhaps useful to differentiate between the political and economic side of this problem. The political gears of the Czechoslovak federation are turning only weakly on the basis of a highly fragile balance among leading political forces, with both sides busy pouring additional sand into the gearbox. But the Czechoslovak economy is continuing to run with relative satisfaction on the basis of its inertia and, after overcoming the lowest point in the decline, is even beginning to improve. Naturally, the definitive disintegration of the state would place considerable obstacles in its path, particularly on the Slovak side of the harness.

A Satisfactory Political Solution

An attempt to preserve an inadequately functional federation without a bilaterally satisfactory political solution would clearly also lead to negative economic consequences. In the beginning, these consequences would not, in our estimation, match the costs connected with partitioning the state, but would have a tendency to grow over time, whereas the consequences of partitioning the state would be gradually reduced. In the long term, however, the separate economies would not be able to achieve the same results as would a functional form of a joint state which remains the optimum solution for both republics from the economic standpoint.

According to our analysis, the negative consequences of partitioning the state would also impact on the Czech Republic, although to a relatively smaller extent, but they would nevertheless be palpable so that, at a minimum, they would cover the first-year gains resulting from terminating budgetary redistribution to the benefit of the Slovak Republic. That will not have a positive influence on relationships between the Czech Republic and the Slovak Republic and will, simultaneously, objectively diminish the possibilities of the Czech Republic rendering possible assistance to the Slovak Republic, even if this would be in its best interest in view of the initial mutual interconnection between both of the economies. It is not possible to create even any great illusions regarding future mutual agreements in the area of monetary policy, customs policy, labor policy, social policy, defense policy, or foreign policy, etc., because the federal interest will no longer be present and no agreement which would be even a tiny bit disadvantageous to one or another of the republics will be concluded.

The author is aware of the fact that all of the arguments and conclusions introduced by him can be questioned, trivialized, or some of them can even be refuted in various ways. The author would be grateful for all substantive remarks and would be happy if they would

make it possible for him to reach a less pessimistic conclusion. However, virtually all other analyses worked out in the CSFR as well as abroad indicate still harsher impacts resulting from the partitioning of the state upon the economy of Slovakia. It is also necessary to recall that our forecasts for the development of the Czechoslovak economy as well as the forecasts of results and consequences of the elections deviate only slightly from the facts, with a few small exceptions. It is, therefore, not possible to underestimate the impartial analyses and forecasts based on objective statistical data, on representative investigations, on logical assumptions, and on model computations of the mutual interconnection between the examined phenomena.

The synthesis of the entire analysis is the unequivocal conclusion regarding the threat of expressly negative impacts resulting from the partitioning of the state upon the Slovak economy (to a lesser extent, also on the economy of the Czech Republic). Of course, during constitutional decisions, it is also necessary to consider other than economic criteria. Nevertheless, the long-range negative consequences of subordinating economic viewpoints to political ones are well-known from the era of "real socialism." And if economic prosperity is not achieved, then it is extremely difficult to achieve positive goals in social, ecologic, cultural, and other areas and, in the final analysis, even in the political area. That should be the subject of consideration primarily of Slovak politicians and they should attempt to salvage for the people of Slovakia and its further generations at least those aspects of the common state that are currently still realistically salvageable.

Commercial Code Shortcomings Discussed

92CH0986B Prague EKONOM in Czech
4-10 Sep 92 pp 22-23

[Article by Michaela Zlebkova, attorney: "The Rules of Payment Relationships—Where the Commercial Code Is Not Enough"]

[Text] It was not so long ago that the State Bank of Czechoslovakia [SBCS] announced the issuance of a new regulation—Regulation No. 386/1991 Sb. [Collection of Laws] on payments relationships and accounting, dated October 1991. In contrast with the old arrangement, the regulation introduced many positive changes into the payments relationship, because it was already conceived with an outlook to the future and in the knowledge of the principles of the Commercial Code, which was under preparation. It was therefore a considerable surprise, not only for the banks, but also for the public to find the regulation rescinded by the Commercial Code. That step occurred primarily for formal legal reasons—virtually all regulations issued prior to the effective date of the Commercial Code on the basis of the Economic Code were rescinded, but also for substantive reasons—the creators of the Commercial Code believed that, after

issuing that code, it will no longer be necessary to preserve any special regulations regarding payments contacts.

The very first months of application of the Commercial Code in banking practice indicate that, with respect to payments relationships, the law, which is now the only legal standard regulating payments contacts between clients and banks (Section 708 and subsequent sections on contracts dealing with current accounts and deposit accounts) is simply inadequate. That is also confirmed by statements made by the banks, by state organs, but also by opinions expressed by the clientele.

The appropriate provisions of the Commercial Code are quite general; in some cases, they provide the opportunity for varying interpretations. Moreover, with one exception (Section 711), all of the provisions dealing with account contracts are dispositive in nature, which means that the bank and the client can deviate from the regulations in their contracts or can even completely exclude it. The dispositive nature of the provisions of the Commercial Code makes possible a great diversity of conditions for banks and, with respect to its consequences, could have a bad influence upon clients who have current accounts with several banks today. Let us imagine the situation in which a client is compelled to adhere to different rules at each bank in collective money, in making payments by check, or in accomplishing a cash-free transfer, a situation in which he must list differing data, use completely different forms. For clients, this means a lot of work and more mistakes.

And for the businessman as well, it is unacceptable in practice to proceed according to varying conditions. The conditions for implementing payments contacts should be the object of competition between banks; throughout the world, there is also a trend toward unifying systems, toward universal means of payment, and toward simplification of their use.

General Commercial Conditions

This situation supported the demand by the banks for the State Bank of Czechoslovakia to continue in its simplification of payments contacts and with the unification of the means of payment. Consequently, the SBCS, as the coordinator of payments contacts according to Law No. 22/1992 Sb. on the State Bank of Czechoslovakia, worked out its General Commercial Conditions which stipulate the principles for handling the accounts of clients by the banks, the implementation of payments contacts and accounting procedures to be applied to the accounts which should, for a certain length of time, serve all banks as principal guidance in the area of payments contacts and the handling of accounts and should be familiar also to clients (the verbatim text appears in TYDENIK OBCHODU A PODNIKANI, No. 36).

The principles are not a generally binding legal regulation; they take the form of general commercial conditions. The banks have agreed and have pledged to adhere

to them voluntarily, to transform their provisions into their own commercial conditions and through them into the client contracts. The banks may also elect to merely refer to some portions of the principles in their contracts, as is permitted in Section 273 of the Commercial Code. The content of the principles is based on the original Regulation No. 386/1991 Sb.; a number of provisions were taken over with some modification. But the principles have a far broader impact than can be had from a legal regulation: They not only contain the rules for current payments contacts, but incorporate the conditions for issuing and particularly for accepting checks, brief provisions on bank drafts, provided they are presented at the bank and provided they have the character of a means of payment. Provisions dealing with payment cards were already contained in the above-mentioned decree.

Payment Orders

In the area of implementing payment orders, the principles react, among others, to the amendment of the Civil Judicial Code, which brought about radical changes in the procedure used by the courts as far as ordering the implementation of decisions by insisting that a claim be paid from an account held at a bank (however, this will also be a matter for administrative organs because even they, in executing a court decision, abide by the Civil Code). In connection with the provisions promulgated by the Civil Code, the institution of enforced collection, based on a legal and actionable decision, has disappeared and the bank writes off monetary resources from an account only directly on the basis of a legal decision by the court or by an administrative organ.

It is also important to realize that, according to the new principles, the bank will already block monetary resources and reserve them to be written off from the account after the decision acquires legal power, as early as the stage when it receives a decision from a court or from an administrative organ which does not yet have the power of law. If the client agrees to the conditions stipulated by the bank, which will include that principle, the procedure becomes a part of the contract with the bank.

Deadlines and Due Dates

The provisions of the principles having to do with deadlines are consistently tied in with SBCS Decree No. 51/1992 Sb. on payments contacts and accounting among banks which regulates interbank payments contacts carried out through the accounting center of the SBCS.

In this connection, it is necessary to remind readers that the clientele still does not differentiate between the due date of a payment order for accounting purposes and the due date of an obligation (for example, an invoice). It is necessary to realize in conjunction with the facts that the Commercial Code stipulates the moment of fulfillment for an obligation as being the day that monetary

resources are credited to the account of the creditor. The payment date must always be judged from the standpoint of the payer and his bank—this means the date the payment is to be charged against his account. Charging the account of the payer and crediting the account of a recipient happen to be two separate accounting operations which generally occur at two different banks and there is a certain time lag between the two.

In case the payer and the recipient have accounts at different banks, it is necessary to take into account not only the deadlines stipulated in the contracts between the bank and the client, but also the deadlines with regard to interbank payments contacts which have been set for banks and the accounting center by Decree No. 51/1992 Sb. of the SBCS. On average, the time lag between the presentation of a payment order to the bank by the payer until the account of the recipient is credited should be from four to five working days, provided the bank does not agree with the client on a larger number of days following the submission of a payment order. In comparison with foreign countries, these are comparable time lags and as long as they are adhered to by the banks the clientele should be satisfied.

Accounting Corrections

The principles pay a relatively detailed amount of attention to rectifying accounting errors caused by the bank (so-called error correction accounting) and to the relationship between the client and the bank in notifying it of defects in accounting. They unequivocally enunciate the principle that the complaint must be handled by the bank which has the client's account and is, thus, in a contractual relationship with him. On the other hand, the clients should realize that a number of cases of delayed accounting are caused by errors in the client payment order, particularly by the listing of the wrong bank code. Also, cases where the client does not have sufficient resources to effect the payment in his account and then complains that the bank failed to make the payment are not isolated cases.

Checks

We also place great importance upon the provisions governing the use of checks because, particularly with respect to payment resources and their acceptance, it is necessary to expressly unify conditions to make control at the receiving bank or at the receiving business simpler. We anticipate that banks will not be concluding special agreements with recipients of checks in all cases (this is also true for payment cards) and we therefore admit the possibility that there could be a conclusory agreement, which comes about actually by the acceptance of checks under conditions stipulated by the issuing authority for the checks (that is to say, the bank which issued the checks).

The banks will be transforming the conditions for accepting checks from the principles into their own

conditions, particularly in the case of so-called guaranteed checks, when the conditions for all banks should be in agreement. A guaranteed check is a new institution, it is similar to the conditions for accepting Eurochecks and should result in greatly simplifying things for check recipients—something which should be reflected in their interest in accepting such checks. Such new universal forms are similar to the Eurochecks and already provide the opportunity for automatic processing of checks by character-reading devices.

Cost for Services

Something else that is necessary to stress is the regulation of costs for monetary services. Until 1 February 1992, the banks were exempt from the effects of Law No. 526/1990 Sb. on prices and the regulation of principles to set remuneration for monetary services was up to the SBCS (SBCS Decree No. 302/1991 Sb. on principles for establishing remuneration for monetary services). The law on the SBCS rescinded this decree and, currently, the banks are fully subject to the provisions of the law on prices.

In view of this change, it would be well for the clientele to be aware of it and not assert any possible dissatisfaction or comments on the cost of some banking services with the SBCS, but to first turn to the central office of the appropriate bank and then possibly to the Ministry of Finance.

Even despite the issuance of principles resembling general commercial conditions, the SBCS is considering that, in future, the most fundamental principles of payments contacts should be converted into a legal regulation.

Capital Gains Tax Provisions Explained

92CH0986D Prague HOSPODARSKE NOVINY
in Czech 2 Sep 92 p 9

[Article by Petr Pelech, Federal Ministry of Finance: "The Withholding Tax—How To Tax Income Based on Capital"]

[Text] Law No. 286/1992 Sb. [Collection of Laws] on income taxes, which is effective 1 January 1993, anticipates the inclusion of the maximum types of incomes in the tax base of the taxpayer subjected to a progressive tax rate for private individuals, which graduates up to 47 percent of the annual tax base and amounts to 45 percent of the linear tax rate for legal entities.

Nevertheless, primarily for practical reasons, but also, in part, for economic reasons, a portion of income recipients will be subjected to independent taxation by special linear tax rates, differentiated only according to type of income. Special tax rates listed in Section 36 of the above-cited law apply only to incomes from domestic sources listed. The tax is collected by withholding, which the domestic payer of the income (debtor) will be obligated to execute, much as is already the case with regard

to the current individual income tax (Sections 12 and 21 of Law No. 389/1990 Sb.) as well as in tax laws regulating the taxation of incomes for legal entities following the augmentation, for 1992, by Law No. 578/1991 Sb. However, the listing of incomes to which the new so-called withholding tax will be applicable is broader.

As far as the number of cases and the volume of taxable incomes are concerned, use of the withholding tax at a special rate will be most frequently implemented in the case of incomes identified in the new law on income tax as incomes based on capital property. The tax rate for collection by withholding at a level of 25 percent will apply to the following:

- Shares in profits (dividends), interest, and other emoluments based on securities (excluding interest on passbook deposits of individuals, where the tax rate is set at 15 percent).
- Shares in the profit, interest, and other emoluments based on participation in corporations with limited liability and limited partnerships; participation is understood to be a deposit made in the business enterprise (monetary or nonmonetary) and thus involves a property deposit.
- Shares in the profits and similar benefits based on membership in cooperatives.
- Shares in the profits by a silent partner based on participation in the business (that is to say, even a small businessman will be obligated to withhold 25 percent of tax from participant shares paid out to a silent partner).
- The settlement share in the event of the demise of the participation of a partner in a commercial corporation or resulting from the extinguishment of membership in a cooperative.
- The liquidation remainder when a commercial corporation or a cooperative is being liquidated.

Here, it is purposeful to note that the 25-percent rate will be applied to the above incomes without regard to whether the recipient is an individual or a legal entity, whereas the 15 percent tax rate discussed below will be applied only to the incomes of individuals. A bearer deposit is considered to be a deposit made by an individual.

The withholding tax rate of 15 percent will be applied to the following:

- Interest, winnings, and other proceeds based on passbook deposits, deposit lists (even though they are securities according to the Civil Code), and on deposits considered equal to them, including interest paid on monetary resources in deposit accounts.
- Proceeds from insurance policies paid for attaining a certain age or proceeds from retirement insurance other than from the social insurance fund; the tax will be reduced by the amount of premium paid; this does not involve current old-age pensions according to the law on social security, which continue to be exempt

from tax, but does apply to pensions paid in accordance with the commercial principle and then only to that portion computed by a special method commensurate with the interest rate.

So that no doubt could arise with respect to a bank, for example, issuing a security—a deposit list—against a deposit that is lower than the nominal value of the security and which the bank is obligating itself to pay upon expiration of an agreed-upon period of time, the law on income taxes contains specific provisions calling for even this difference between the lower sales price and the higher nominal price paid out to be categorized as a gain—the interest on the deposit shown in a deposit list—and is taxable at 15 percent.

Shares in the profit paid out by an employer to his employees through the method of employee shares in economic results which are part and parcel of income based on dependent activities are exempt from the 25 percent tax rate. Shares in the profits, interest, and other similar emoluments which, as a result of the coincidence of circumstances, are received by an employee from an employer, but not for performing work for the employer, but rather as a result of property deposits made in the employer's business, are subject to withholding at special rates. For example, stockholder dividends are taxed at 25 percent, even if the stockholder is an employee, or a 15 percent rate is applied to interest on passbook deposits or a deposit list, even for bank employees who conclude an agreement with the bank regarding the deposit, much like every other saver.

For citizens, the temporary provisions of Section 41, Paragraph 4, of the above law regulating the transition from the current status, where interest on savings deposits are exempt from the individual income tax, are of importance. Interest on passbook deposits for 1992 will be credited, without a tax deduction, and it is immaterial whether and when the citizen will have interest for 1992 and possibly for previous years recorded. Also, interest on deposit lists, payable prior to 1 January 1993, will not be subject to a tax withholding, even if the citizen withdraws his deposit, including any interest due by the end of 1992 after, say, 1 January 1993. Interest on deposit lists, which is payable in 1993 and in subsequent years will be subject to tax withholding only to the extent of the appropriate portion of the interest attributable to the period beginning 1 January 1993. Similarly, bonuses which are credited with certain types of passbook savings one time and cover a longer period of time are broken down into a portion due

through the end of 1992 and a portion beginning 1 January 1993 and that is the only portion that will be subject to withholding.

The income tax law also expresses the intent that, in a case where a broker is involved between the stockholder and the place of primary dividend payment—an investment corporation or an investment fund—the withholding tax of 25 percent should be accomplished as early as the payment which is made to the investment fund, essentially declaring that the tax obligation of the stockholder is thus satisfied, provided it involves merely a redistribution of accepted dividends, where the paid-out yield from investment corporations or investment funds, based on securities, does not exceed the accepted yield. Incomes taxed at special rates—by tax withholding at the source of income—will not be listed by taxpayers on their tax return. However, the withholding of partial payments for the annual tax on income, which will be accomplished with respect to certain incomes like, for example, income based on wages and other income resulting from dependent activities paid by the employer to his employees, is something else.

The following will be particularly listed as incomes based on capital property in the taxpayer's tax return:

- Interest and other proceeds resulting from credits and loans.
- Interest on deposits in current accounts.
- The discount portions of bankers' acceptance checks.
- Income based on the sale of options.

The taxable listing of incomes for individuals based on capital property which appears in Section 8 of the above law does not include interest which a public commercial corporation can pay, according to the Commercial Code, to individual partners in view of the size of their deposits. It can thus be assumed that these interest payments will be incorporated in the tax return and, in the case of individuals, will be listed under "other income" according to Section 10 of the above law. The share in the profits of partners in public commercial corporations and limited partners in limited partnerships are included as income based on business activities in the tax returns of the partners, which is a consequence of the new tax approach to these corporations as well as to partners who are personally responsible. The withholding tax of 25 percent is not applied to these shares.

It cannot be ruled out that, particularly in terms of practice, a technical adjustment and fine tuning of some of the provisions of the law will be required with respect to other regulations so as to minimize conflicts and doubts resulting from the practical application of the law.

Kerenyi on Csurka's Strength of Support

93CH0041A Budapest TALLOZO in Hungarian
24 Sep 92 pp 1844-1845

[Interview with Imre Kerenyi, director of Madach Theater and founding member of the MDF, Hungarian Democratic Forum, by NAP TV reporters Henrik Havas and Laszlo Jusz: "Imre Kerenyi: 'If the Prime Minister Disbands the Csurkaist MDF....'"—transcript of the television broadcast OSSZTUZ, date and time not given]

[Text] [Havas] I have been wondering about this for quite some time: Is Imre Kerenyi, the director of the Madach Theater, a member of the MDF?

[Kerenyi] Yes, I am.

[Juszt] Since when?

[Kerenyi] I am a founding member.

[Juszt] Were you present in Lakitelek?

[Kerenyi] Yes, I was. I was there even before that.

[Havas] What's the number on your membership certificate?

[Kerenyi] Fifty-one.

[Havas] Beautiful!

[Kerenyi] You and I met there at Lakitelek. You were the first Hungarian journalist to arrive there in your Volga car with four others, whipping up dust as you drove through the ploughed fields, and that afternoon—this took place on a Saturday—you filed a report in 168 ORA, which we listened to live, and at that point I thought how decent it was....

[Havas] This took place in the tent at Lakitelek!

[Kerenyi] Yes.

[Havas] Incidentally, I did not join.

[Kerenyi] I know. But you were there!

[Havas] Who took you there?

[Kerenyi] Some semi-legitimate functions were organized at the Jurta prior to Lakitelek. I regularly attended those meetings as well as functions organized by other parties. I was with Istvan Bubik at one of these functions when Sandor Lezsak stepped up to us and asked whether we would like to come a little closer, meaning a bit more inside the MDF. This did not occur at the first function I attended, but at the second or third function. And through Sandor Lezsak we somehow drifted a bit closer.

[Havas] This kind of thing was viewed unfavorably in those days.

[Kerenyi] It was.

[Havas] Did you experience any problem as a result?

[Kerenyi] I learned from Major Vegvari's television interview that my telephone had also been wiretapped. Well, wiretapping accompanied this kind of activity, but it caused no particular problem....

[Havas] How did your MDF career continue?

[Kerenyi] I spoke out and even delivered a speech at Jurta functions, and the illegal functions. This is why I received good as well as bad marks.

[Juszt] What did you have to do to receive bad marks, and alternatively, good marks?

[Kerenyi] At a given moment I stood up and said: In order to achieve our goal we must enter into an alliance even with the devil, at least temporarily. The Grosz government was in power at the time. Some people at the gathering disapproved of the idea; how could one negotiate with Grosz or with one of his ministers?!

[Juszt] And how was it possible to receive good marks?

[Kerenyi] With feverish haste the government wanted to sell the old Ministry of Defense lot at the royal Buda Castle to a Western firm to construct a hotel. I delivered a big speech in this regard—why not consider that lot as a national asset, as part of our global heritage, and refrain from selling it. Let us interfere in this matter! This, for example, deserved a good mark.

[Juszt] And how much were three good marks worth?

[Kerenyi] Well, they were worth a founding membership and a seat on the board. I was a member of the first board.

[Juszt] Were you given a good mark or a bad mark for your latest action? I have your letter to Csurka in mind.

[Kerenyi] I received a good mark.

[Havas] From whom?

[Kerenyi] From everyone, (...) who is not important. I suspect that Csurka does not have the kind of support even within the MDF he thinks he has. I wrote this letter in opposition to Csurka, and what I see is that out of 100 active reactions only three to five support Csurka. One can accurately figure this out on the basis of the active responses. By active statements I mean telegrams, letters, very long telephone conversations, newspaper articles or letters to the editor. These are active, political statements. I am able to document that out of a hundred letters only three, or a maximum of five are in favor of Csurka. And I believe that the national average, i.e., people who do not actively declare their political will but only by voting, Csurka's favorable ratio is even worse. There are only a few of them but they are highly vocal.

[Juszt] You—as a theatrical director, as a person who knows people well, and who might also have known

Istvan Csurka from a long time ago—have you not noticed any sign that would have suggested such manifestations on his part?

[Kerenyi] I think that whatever he is doing is a family tradition, although this is debatable. Undoubtedly, there were such signs. For example, on one occasion in the Astoria Bar, Csurka, the dramatist, who is a likable and successful type of person, became a Falstaff, to use flowery language and a theatrical comparison.... Accordingly, we are in the Astoria Bar, dancing, in a good mood. At a given point in time he picked up his chair and placed it in the center of the dance floor and told the musician to play "Kossuth songs!" The musician looked at him and played a Kossuth song. At the end of the song the musician once again looked at him, and Csurka once again said: "Kossuth song!" And so the musician played a Kossuth song three or four times, while everyone wanted to dance and converse, but the Kossuth songs kept going on and on. This resulted in the fact that there, in the Astoria Bar, Kossuth songs became unpopular. I think that this is why he should not have his own television program: Kossuth songs are very nice, but Kossuth songs should not be overdone.

[Havas] But how could this letter come about, as long as the two of you had direct contact? It certainly made a big bang. As you, too, wrote, this study represented the peak in a process. Did you have to act in such a spectacular way? Couldn't you have told him to his face?

[Kerenyi] This involves two issues. I never had a very close relationship with him, not even in politics. Just how things could go this far? This was the point where his actions began to assume an institutional character. At that point I felt that I had to say something! I did not conspire with anyone. Actually, these articles were written on the same day, the same evening. Around 21, 22, or 24 August there was great silence and this silence disturbed a few of us. I was disturbed primarily as a citizen, and not as an MDF member.

[Juszt] Do you believe that this letter is going to put a brake on this process of acquiring an institutional character?

[Kerenyi] I am not certain! I am not so sure because a few of us used strong words in talking Csurka. I tried to talk to him at the human level or as a colleague, but it seems that he is untouchable. It seems that he is pursuing this matter as a passion rather than as a matter of sense. He puts his whole heart into it, his spirit is flaming. It seems that he is untouchable, it seems that he cannot be spoken to. He responds to our studies not with arguments, but by using an entirely different method, an irrational approach. Based on this approach Csurka is not the problem, instead the problem is this: "Why does Kerenyi wear a silk shirt?" These are the kinds of responses we receive. It is difficult to stop a man like this. I believe that cooperation between the multiparty system, parliament, the government, the MDF, and the civil society is needed to manage this phenomenon in Hungary.

[Havas] The winter drama of the former Romanian revolution had a few highlights. We lost the revolution in Hungary. Could it be that the lost revolution, the lost passion, the beauty of building barricades is working inside Csurka?

[Kerenyi] No doubt about it: he has proclaimed a permanent revolution, but it is equally doubtless that in this country everyone yearns for consolidation. Moreover: Only a very few people demand that we hate everyone, that we constantly judge everyone. What they demand is that we fight for the restoration of Greater Hungary. But I believe that this country does not want to have a Greater Hungary.

[Havas] The average people have great difficulty in digesting the fact that they must coexist with criminals.

[Kerenyi] Examples have been set in the world, in Europe, in Spain....

[Havas] Doing justice has failed to materialize.

[Kerenyi] I always say that there is no time for that. It is much simpler to close the book on this matter; it is much simpler to say: let us forget what has happened, and that we must work, build, think and frame laws. Generally: we would like to live rather than to create a revolution. We do not want to resolve new problems. We may need to have a separate committee of parliament to deal with this issue, one that is authorized to name those real criminals whose hands are tainted with the blood of many people, or with very many millions and billions of forints. The number of these is certainly not as high as we would think, because if everyone had to be punished than we would have to punish 10 million people.

[Juszt] I have read many comments and criticisms about you, in conjunction with your letter. I found one sentence, however, with which I was unable to do anything. Csurka had this to say about you: "I am not going to enter into a debate with Kerenyi, because Kerenyi is not part of the intelligentsia."

[Kerenyi] This is the kind of irrational approach I mentioned before. All of us have presented arguments in our studies. Moreover, I believe that the stand taken by intellectuals against Csurka was a very nice gesture, it produced very good results. This is a puzzle, one has to lay out the pieces. There is no one among us who has written an acceptable critique of the Csurka treatise, irrespective of whether these were written in 80 or 800 pages. Such authority does not exist in Hungary today. There is no Zoltan Kodaly, there is no Gyula Illyes. Nevertheless the cream of Hungarian intellectual and political life stood up, everyone presented his own arguments. By putting all this together we see a beautiful intellectual popular referendum. And this is what Hungary is all about. Thank God that parts of these studies appeared on the front pages of worldwide newspapers, and thank God that the big wide world does not identify us with the Csurka thesis. That would be terrible.

[Juszt] "I do not argue with Kerenyi because he is not an intellectual."

[Kerenyi] Oh, yes. He does not respond to our arguments with counterarguments, but instead says that "your legs are crooked."

[Havas] Last week's MAGYAR FORUM presents yet another private letter of yours. The final point made in this letter is as follows: "If the Csurka party is ever victorious, I ask that Hungarian mothers tear up the military summons received by their sons, then let those summons be blown away by the winds, the winds, the wild November winds." Based on this, you do, indeed, have some fears.

[Kerenyi] Do I have fears? Very much so!

[Havas] But what do you fear?

[Kerenyi] The possibility of these people taking power....

[Havas] But how could they ascend to power?

[Kerenyi] Hungarian democracy is not strong enough, and is not sufficiently developed, and the multiparty system does not provide enough mutual protection to prevent the power from being shaken.

[Havas] How?

[Kerenyi] By force! By noise, by vocal manifestations, by car accidents. This is a very odd thing, because there are only a few of them, but Csurka has been tenaciously walking this path for years, and his following is growing, it could grow from day to day. All we need is one or two price increases, another taxi strike, and there you have the power of the masses. We are familiar with this prescription.

[Havas] And Antall?

[Kerenyi] Csurka is a good dramatist. I believe that this is a well-written script: A bomb was dropped on 20 August, in November he becomes the party chairman, and in December he might become prime minister. Something is going to happen at that point. If he becomes prime minister in December, at that point, and within the remaining two years of the term, my favorite nephew is going to be enlisted in the army because he is of military age—I have no son I could mention—and he is going to defend the Hungarian border at Korogy.

[Juszt] Are you that pessimistic?

[Kerenyi] I see this much danger in Csurka's ideal. When you, gentlemen, interviewed him in OSSZTUZ, "Lebensraum" was one of the topics mentioned. I was able to easily imagine that Vatra activists were taping your program that evening. And that they were taping it in Serbia, in Slovakia, and that they were happily informing each other of the sentence that could be heard in OSSZTUZ, the sentence that provided a perfect, exhaustive argument, a foundation for their functioning, because at that point they could say that Moldavia had to unite with

Romania two months earlier, because soldiers had to be recruited, because, you see, Csurka's people are already sharpening the kitchen knife.

[Havas] You are saying terrible things, your line of thought is frightening because it is logical and because it appears to have foundation. This is terrible, but I do not feel that this kind of thing is in the air. I do not sense this kind of thing among intellectuals, in the villages, I do not sense this in the city. It is not in the air, and it is not reflected in the texts you and your colleagues presented.

[Kerenyi] What you are saying is very interesting. One only realizes that youth reacts very strongly when someone establishes some kind of goal for youth, and when that goal describes the rearrangement of the Hungarian living space. Among my closest acquaintances a young boy had this to say: "The southern region must be defended, of course." This is flammable material! One must not abuse it! One must not play with anti-Semitism and with Lebensraum!

[Havas] But if, for arguments sake only, the Serbs decide in Ujvidek [Novi Sad] to exterminate the Hungarians and the Vojvodina population becomes pure Serb, what happens then, I ask, very quietly.

[Kerenyi] I believe that political means are best for helping, resolving the affairs of Hungarians there as well as in Transylvania. I believe that the Hungarian people have a tremendous opportunity at hand at the moment: and this opportunity is the fact that since Saint Stephen—and not for the first time—we are once again able to provide a valid example, and at this moment the valid example materializes in the form of understanding, tolerance, peace, prosperity and piety. Not in the form of arming ourselves but in the opposite of that! I am very much afraid of all kinds of aggression conceived in Hungary that could be aimed at neighboring peoples. And we can be sure that such aggression could be aimed at neighboring people, and that they would not return to us anything without waging war. We, on the other hand, do not want to wage war. We do not want to take part in such a venture. Therefore I believe that Csurka and the few people who follow him must be overthrown and must be put on the sidelines in a political sense of these terms. By using constitutional processes, if possible. And why could they not be overthrown and placed on the sidelines?

[Juszt] What do you mean by "if" possible?

[Kerenyi] I am very curious to see what Sandor Csoori and Sandor Lezsak have to say. I believe that this intellectual game lacks something. Comments by Sandor Csoori and Sandor Lezsak are still missing. Sandor Csoori's remarks are missing because he had published a certain study on this subject before, after which his friends spoke out in the press. And I believe that these reactions had a great impact on Csoori and that he retreated thereafter for a very long time. We should

know where Csoori stands at this point. At this time, when people are insulted on the streets because they hold their own views.

[Juszt] Have you been insulted in any way?

[Kerenyi] Yes, I have been insulted. And I would like to know what Csoori thinks about Csurka today? And I believe that many MDF members joined and took part in the movement because of Csoori's personal magic. He must provide an explanation. The situation is the same with Sandor Lezsak, he is a fantastic personality. He is like a priest now; he retreated to Margaret Island and to Lakitelek. He is guarding the original spirit of the MDF. This is why he is neither a representative nor a minister—I think. This is precisely the kind of situation in which he should assert himself. And I, for instance, would very much like to learn from him whether that awfully large number of green reprints sold on the streets today—reprints of the Csurka treatise—was funded by the Lakitelek foundation. Because in that case I would think that those who established the Foundation would rearrange their relations with the Lakitelek Foundation. These two important statements are needed by MDF members and voters to decide whom they are sending to the congress in November. The Csurka phenomenon must be dealt with by November, at the latest, and the lead role in this must be played by the prime minister. I have no doubt, whatsoever, that the prime minister agrees with us. This is clearly revealed by his statements, but he is bound by partisan political situations and by decency.

[Juszt] You said earlier that Csurka and his colleagues should be placed on the sidelines, set aside by using democratic means, if possible. What other means would be available?

[Kerenyi] The pas de deux at Kaszasdulo performed jointly with Mr. Fonay a few days ago goes to prove that he cannot be stopped. In response, I respectfully submit that the use of any means is permissible against views represented by Csurka and against people who vocally assert these views and form a party. Because these views represent a public menace!

[Juszt] Would you kindly provide some details?

[Kerenyi] He should be deprived of the television screen for which he yearns. He should not be given so much publicity. Or if he receives publicity, he should appear as he did on ESTI EGYENLEG the day before yesterday. I know that these things sound very antidemocratic this way. Two weeks ago, when you invited Csurka to appear on OSSZTUZ, I called Janos Betlen, the editor. I told him that I was not competent in this matter and that I had nothing to do with it, but what would happen if he canceled the evening show. Janos Betlen gave an appropriate answer: What I suggested was antidemocratic. Anyone who has created such a scandal in Hungary deserved an hour on television. And yet, two weeks later, and after Mr. Fonay's statement, I believe that everyone would have been better off had he not appeared that

evening on OSSZTUZ. For example, that certain Lebensraum sentence would not have been uttered in the greater public (...)

[Havas] This entire thought process is worth something only if you can eliminate Antall.

[Kerenyi] He is the other lead actor in this case. The simplest thing would have been to force Csurka to resign. But that was impossible. It obviously was impossible. The lead actor in this situation is the prime minister. I feel that the prime minister has never before been as popular as he is today. Never before did he have so many serious people on whom he can rely as he has today. Csurka has fought for, and has won a national unity front that surrounds the strong forces. The moment when the prime minister finally distanced himself from Csurka on 31 August was a beautiful moment. The fact that one could feel that the prime minister was ruined reminded me of the "pajamas" interview. He was not ruined in terms of health! He was worn out by the events. He had a sore throat and once in a while the paper trembled in his hands. But he was very determined when he uttered the sentence in which he distanced himself. And then Marton Tardos stood up. I do not know him. A human face opened up, he turned to him, and in a very nice, quiet tone of voice he had this to say: The situation was different half an hour ago, I thank you. This is human political discourse. An angel flew through parliament. Through a parliament in which Pronay fired shots, in which people were slapped in the face, in which they have been hurting each other for two years. In that moment Csurka stood up and said: I will not discuss things with you. This is the point where the views of Marton Tardos, FIDESZ [Federation of Young Democrats], Kover, and my views, and his views can all merge. And I have no doubt that if the prime minister disperses the Csurkaist MDF, it will receive all the social support from the MDF and from the other parties, and from the intelligentsia.

[Havas] Let me ask you a question in your capacity as a theatrical director. Could it be that Csurka is so much of a genius as a dramatist that he is doing all this for the prime minister's sake?

[Kerenyi] No.

[Juszt] Well then, how do you, as a dramatist, as a theatrical director, perceive the continuation?

[Kerenyi] Sooner or later consolidation must occur in this country. And there will be consolidation. I am not sure that the first government must accomplish consolidation. It is possible that Prime Minister Antall is going to let some of his people go after these events. He might reorganize this party. He might form a second cabinet. He is playing the lead role now, and I believe that if he relies on us now, on the many people who expressed their views, he is going to be able to resolve the situation, just as he was able to resolve the problem created by Torgyan.

MDF Ethics Committee Disciplines Csurka Critic*93CH0051A Budapest UJ MAGYARORSZAG
in Hungarian 16 Oct 92 p 5*

[Unattributed report: "The Debreczeni Case"]

[Text] The MDF [Hungarian Democratic Forum] national Ethics and Disciplinary Committee will initiate disciplinary proceedings on Friday against National Assembly Representative Jozsef Debreczeni for his open letter entitled "To Istvan Csurka" published in NEPSZ-ABADSAG.

Antall, Goncz Reach Partial Agreement on Media*93CH0051B Budapest UJ MAGYARORSZAG
in Hungarian 15 Oct 92 p 1*

[Unattributed report: "The New Media President—Is He Going To Be a Commissioner?"]

[Text] The MDF [Hungarian Democratic Forum] group of representatives dealt with the issue of doing justice and with most recent developments in the media case at its Tuesday evening meeting. Prime Minister Jozsef Antall took part in the conference that extended into the night.

The head of government and party chairman reported to the faction that he had talked with Arpad Goncz on Tuesday, according to information received by MTI. He had reached an agreement to the effect that in the event that no agreement was reached concerning disputed issues in the media law and about the persons to serve as media presidents by 27 October, the president of the Republic would appoint as president the person approved by a two-thirds majority of the National Assembly Committee on Cultural Affairs.

Based on votes cast by the faction, the MDF would be represented by Ferenc Kulin and Imre Konya in the ad hoc committee to be established to deal with the media issue.

Members of the faction were also informed about the legislative proposal designed to do justice, as drafted by the government, and representatives also heard Zsolt Zetenyi presenting his legislative proposal. The two proposals are not mutually exclusive because each proposal takes a different approach to doing justice, as unanimously confirmed by Justice Minister Istvan Balsai and Zsolt Zetenyi after the meeting. The two proposals will soon be introduced in parliament.

The justice minister said that the government had not requested a preliminary opinion from the Constitutional Court regarding its own proposal, i.e., it did not request the court to verify the proposal's compliance with established judicial standards.

Concern Over Government Satellite Programs*93CH0051C Budapest MAGYAR HIRLAP
in Hungarian 12 Oct 92 p 4*

[Article by Era Nemeth: "Uncontrollable Public Funds; Stormy Satellite Program"]

[Text] Rules for satellite broadcasting were left out of the legislative proposal on the media. This fact gained greater significance after the government announced that it would establish a foundation called Hungarian Television. The foundation is going to own a satellite broadcast service whose start-up and initial maintenance is to be funded by the state budget, and one cannot tell to what extent. According to the founding charter, the purposes of the foundation will be supported by 300 million forints this year, and by not more than 2 billion forints next year. What are these purposes? The document reveals the following: broadcasting nonpublic service television programs to Central and East Europe, and particularly to Hungarians residing beyond our borders. The program provides for the conveyance of Hungarian and universal intellectual and cultural values; the development of an objective image of Hungary and of the Hungarian people; the strengthening and nurturing of relations among peoples and of international relations; the preservation of the identity, native language, and culture of Hungarian minorities. Opposition parties on the other hand declared that the stated purposes—and the fact that the foundation was to be funded by the state budget—made it clear that public service programming was involved. The MSZP [Hungarian Socialist Party] has already submitted an amendment package to the legislative proposal that would regulate programming designed for consumption abroad. Janos Schiffer (MSZP) said that the adoption of their proposals would make it clear that inasmuch as public funds or governmental guarantees were to support the provider of the programs, such services would be regarded as public services. At the time the MSZP prepared its package of amendments it was unaware of the government's choice of organizing this effort in the form of a foundation. Similarly, MSZP representatives did not count on the fact that the government would not even try to support the satellite broadcasts through some "cover organ"—state enterprises—that would be harder to catch. In Schiffer's view the government used this method to demonstrate to the opposition that it had more than one means by which to circumvent the law if no agreement was reached on the media law.

Conflict also exists between the two sides concerning the final vote to be taken on the law. The opposition claims that the law should be adopted by the vote of a two-thirds majority, while the coalition parties believe that only provisions specifically mentioned in the Constitution should be subject to two-thirds majority votes.

Accordingly, this question arises: Why would it not be in the coalition's interest to preserve the neutrality of the media, considering the possible loss of the 1994 elections

after which they could exert influence through the media while in the opposition? Schiffer believes that the coalition has considered this possibility, and this is why it began to take political action from a position of strength—it endeavors to acquire positions to hold on to even after the elections. This is how the publicly funded Hungaria Television foundation looks like. Parliament is not going to be able to control whether funds allocated from the state budget are indeed going to be used for the already mentioned purposes. And if the coalition loses the elections, it is questionable whether the foundation is going to be able to sustain itself. In this regard the founding charter includes a noteworthy passage: In the event that the foundation is discontinued, its assets shall be donated to foundations engaged in supporting Hungarians beyond the borders, as provided for by the founder. The starting assets are likely to be used up for the maintenance of the program provider; according to the KHVM [Ministry of Transportation, Telecommunications, and Water Management] representative at the Cultural Committee meeting: The channel lease could later be sold at multiples of the purchase price. This movement of these funds will also prove to be uncontrollable from the standpoint of the National Assembly.

Disparate Conceptions on Autonomy for Vojvodina

93BA0008B Novi Sad MAGYAR SZO in Hungarian
21 Sep 92 p 4

[Interview with Dr. Csaba Sepsey, official of the Democratic Community of Hungarians in Vojvodina, by Istvan Valihora in Subotica; date not given: "We Support Autonomy for Vojvodina; Interview With Dr. Csaba Sepsey on the Occasion of a Recent Speech"]

[Text] *The parties demanding that the autonomy of Vojvodina be reinstituted have often criticized the ideas of the Democratic Community of Hungarians in Vojvodina [VMDK], which demanded territorial (for Northern Backa and the banks of the Tisza River) and personal autonomy as well as self-government for Hungarians living in this area, and did not deal with the issue of autonomy for Vojvodina. However, at the recent open forum in Subotica on the document called "Declaration on Vojvodina" which demands autonomy, we have perceived a new tone: Dr. Csaba Sepsey, president of the local organization of the VMDK as well as regional official of the organization and federal representative, agreed with representatives of the Democratic Reform Party of Vojvodina [VDRP] which published the above-mentioned declaration, and with Vesna Pesic, vice president of the European forum on the defense of human rights and freedoms, that the ideas of the VDRP and the VMDK, that is to say the ideas about autonomy for Vojvodina and the system of autonomies for the Hungarian population, are not mutually exclusive.*

[Valihora] Why didn't the VMDK join those demanding autonomy for the region earlier? Does the organization's leadership agree with what you stated at the open forum?

[Sepsey] The VMDK supports autonomy for Vojvodina, and in this we agree with the VDRP. Two years ago we supported the economic policy of the Reform Party as well, but they did not support us. Our view is expressed in the recently published document on the autonomy we envision, as well. It is true that the declaration of the DEPOS [Democratic Movement of Serbia], according to which more regional autonomies must be created within Serbia, is closer to our idea, but we still agree with the necessity of autonomy for Vojvodina. Although we agreed in principle at the open forum, we will have to work a lot on the details. Out of goodwill I did not mention this then, but now I will say it: We cannot agree—as it was expressed at the forum—that autonomy for Vojvodina comes first, and then we will negotiate about the personal etc. autonomy of ethnic groups, such as Hungarians. It is unacceptable that they do not want to hear about the subjectivity of ethnic groups. Let the two autonomies, if they are not mutually exclusive, be created parallel to each other; now they should give us what we demand, because it is due to us.

[Valihora] Please describe briefly the VMDK's idea for those who do not know it yet.

[Sepsey] The starting point is the document by Lord Carrington, which was confirmed at the London conference on Yugoslavia; it foresees a special status which applies in the first place to the Serbs in Krajina, and which Croatia included in its constitution, if only very reluctantly. This special status is nothing else than (minority) local self-government of the ethnic group comprising the majority of the population; it is not the centralization which was introduced in Serbia in the systems of education, culture, communication, justice, and police. In connection with the latter, for instance, it is not negligible whether its composition corresponds to the composition of the population, which, for instance, generated dissatisfaction in the people of Krajina. Here, in our area, 30 percent of the police is comprised of policemen expelled from Croatia, and local Hungarian and Croatian officers are being replaced. For instance, the border police has undergone complete ethnic cleansing. The document also foresees considerable rights in areas where the ethnic group does not have the absolute majority, but its percentage is considerable, 20-30 percent. The third degree is represented by the forms of autonomy for those in the diaspora. In this respect we are admonished that only 16-17 percent of the population of Vojvodina is Hungarian! This is an incorrect view, because there is a huge difference between various areas. After all, the municipalities around the Tisza River qualify as a subregion which merits a special status according to the London agreement. This is the first degree of the autonomy we demand; the second is, that ethnic Hungarians should be given the maximum degree of self-government in every area where they comprise the majority (if not in the community, at least in the settlement), for instance, in Kupusina, Telecka, etc. And self-government based on the principle of individuality must be awarded to every Hungarian in

Vojvodina; this means that everyone personally decides whether he wants to participate in it; then, they elect a national council of experts which has the role of counseling the parliament of the Republic.

[Valihora] The parliament of the Republic, or the federal parliament? The international agreements dealing with the protection of minorities, or containing that issue, were signed by Yugoslavia, thus Yugoslavia is obliged to make sure that they are carried out.

[Sepsey] So far, the decisions are made by the parliament of the Republic, and we did not even think of a different level, but if competences are separated, we will have to consider this question. The national council is not a legislative body behind or above the majority nation; rather, it tries to improve the situation of Hungarians in cooperation with the legislative power. In Croatia, it even has a right of veto! In our area the circles in power run Hungarian officials to preserve appearances, but they were appointed from above, and they never think on the same wavelength with those who they are supposed to represent. Rather, representatives elected from below should take care of the Hungarians. So far we would have been regarded favorably as Hungarian-speaking Yugoslavs, and in the autonomous Vojvodina, as were Hungarian-speaking Vojvodians (in the proportions mentioned above). However, we are a part of the global Hungarian nation of 15 million. Even in view of this, we are aware that we will continue to have to live together with the peoples who live here, and we can organize our autonomies as overlapping church districts do, which peacefully coexist in each other's vicinity. As far as the autonomy of the province is concerned, Vojvodina is historically, economically, and geographically a separate region, with several centuries of experience in coexistence; its autonomy would enable a faster development which would also be advantageous to Serbia.

[Valihora] The VMDK's idea also foresees the migration of Hungarians. Is this not in opposition to certain international principles?

[Sepsey] One must consider the likelihood of not a planned migration, but of one due to a market economy or educational necessities. Of course not like in the United States, where on the average a family stays for five years in one place, but something similar to what we have seen in Vojvodina up to now.

[Valihora] Once a Hungarian national council of Yugoslavia is formed, the role of the VMDK would certainly change, and one could not accuse it any longer of monopolizing the representation of Hungarians.

[Sepsey] The national council could take over many functions from the VMDK which the latter assumed up to now. The role of the VMDK would change, but it would continue as an interest group that participates in the elections.

Manager Denounces Agricultural Cooperatives Law

93CH0003A Budapest HETI VILAGGAZDASAG
in Hungarian 12 Sep 92 p 41

[Interview with Tamas Nagy, head of the Szabadsag Agricultural Cooperative, chairman of the Agrarian Alliance, and cochairman of the National Association of Agricultural Cooperative Workers and Producers, by Peter Felix; place and date not given: "Answer of a Practicing Agrarian Manager; 'The Transitional Cooperative Law Is an Astonishing Botchwork'"]

[Text] *One hears at every turn that agricultural cooperatives are in a catastrophic economic situation, and the chaos caused by compensation and the transitional law on cooperatives only makes life more difficult for people working in cooperatives. We asked Tamas Nagy (41 years old), head of the Szabadsag Agricultural Cooperative of Gyal, chairman of the Agrarian Alliance, and cochairman of the National Association of Agricultural Cooperative Workers and Producers, how the cooperatives try to adapt to these circumstances. Does he consider the recently passed agrarian regulations enforceable at all, which, in the opinion of certain agrarian economists, parliament created essentially on the basis of political considerations?*

[Felix] Many people affected by it complain that the transitional law on cooperatives puts the members of agricultural cooperatives in a practically impossible situation. Would you also score the production by the members of parliament so low?

[Nagy] The transitional law on cooperatives is indeed an astonishing botchwork. Nothing can prove this more than the four notebooks of discussions full of questions to which there is simply no exact answer in the regulations. Thus, the concerned ministries are forced to sit down with the interest groups and form a common standpoint in each concrete problem which occurs, but which cannot be answered by the letter of the law.

[Felix] Beyond the designation "botchwork," could you mention a few concrete examples?

[Nagy] As many as you wish. Here is, for instance, the last deadline by which members of cooperatives can withdraw. The provision of the law regulates this in three different places in three different ways. According to one, the members of cooperatives can declare their intention to withdraw from the cooperative 15 days and two months after the property has been assigned to individuals; according to another, until the time of the last bidding conducted in the given cooperative; according to the third, by 31 December 1992. Let us suppose that 300 members of a cooperative consisting of 500 members would like to withdraw for one reason or another. They are given their remuneration, which does not yet mean that their employment contract becomes invalid. But if it does, is the cooperative, now consisting of 200 persons, as a legal successor obliged to pay the

members during the term of notice or give them severance pay? And if 490 of the 500 want to withdraw, do the remaining 10 pay?

[Felix] Are you saying that it would have been better if everything remained as it was? In view of the present legislation dumping, one can hardly expect regulations of a better quality.

[Nagy] The basic idea of the transitional law on cooperatives, namely, that the property accumulated earlier should be assigned to the members, and that they could cooperate or work by themselves based on their real interests, is really an excellent thought. However, it seems more and more that the transitional law on cooperatives, which is useless at first glance, destroys this basic idea itself. Thus, even before it is executed, everyone is dissatisfied with it. Sad as it is, many grieve for the "good old times." And indeed, even the other, the so-called cooperatives law, contains strongly debatable basic tenets, for instance the principle of "one member-one vote."

[Felix] Why, at the first glance this is very democratic, not to speak of the fact that developed capitalist countries are also teeming with cooperatives organized on similar principles.

[Nagy] However, while in Hungary the cooperatives are owned by the members to 100 percent, in the western cooperatives you mentioned, property owned by the members is not considerable. On the other hand, state subsidies are considerable, and the members accumulate the better part of the property from long range preferential credits. In such a case, the principle of one member-one vote is workable, because the difference in the value of property brought in by the members is negligible, especially in comparison to the entire property owned by the cooperative.

[Felix] Is this the reason why the returned business shares are not greatly esteemed by the members? According to accusations by members of parliament knowledgeable in agrarian matters, the leaders of cooperatives allegedly buy them up for a song, sometimes for 10 percent of the nominal value. Let me just allude to the tirade against cooperative managers by Gyula Zacssek, parliamentary representative for the MDF [Hungarian Democratic Forum].

[Nagy] To blame such campaigns of buying up business shares on the leaders of the cooperatives is not only demagoguery, but also expressly dangerous. Namely, we are not talking about a conspiracy of the agrarian intelligentsia, all the less because jurists and investors outside the agrarian sector buy plenty of business shares as well. It would be good if politicians decided already what they really want. Do they want to create a range of legislation which allows people to obtain possessions who are able to operate them and have the money to do so? Or do they want the present leaders of cooperatives to pull in their horns, resign at the assemblies reforming the cooperatives in a few months, and labeled "green barons," quit

the scene with nothing but the clothes on their backs? As it is, due to the slanderous campaign of some demagogue politicians, passions are beginning to get out of hand. I know of a case where a member of a cooperative acquired 20 percent of the cooperative's property very cheaply, and then the incensed peasants chased him through the village with axes. We should acknowledge that the professional expertise of the present agrarian leadership cannot be replaced by passions, and that it is accepted in the managerial world for a manager to acquire partial or complete ownership of the firm which he manages; at market prices, to boot.

[Felix] There are different opinions, as well. So much so, that rumor has it that the preferential loan package in preparation by the Agricultural Ministry will only grant loans for the purchase of business shares to people who are willing to pay at least 70 percent of the nominal value.

[Nagy] It would be very important for a portion of cooperative property which is in the possession of retired people to 50 percent, and of former members of the cooperatives to 20 percent, to be purchased by a group of owners who are able to manage them with financial help. But I would be hesitant to use a fixed quotation as it is formulated in the loan package you mentioned, because in many cooperatives property has not been assigned to people yet; in determining the nominal value of business shares, they considered the value according to the book, and it is possible that this price is unrealistically high in the judgment of the market. It will hardly be worthwhile to buy these business shares for 70 percent of the nominal value, and to take out loans on them.

[Felix] Talking about investment, how big a share did you acquire in the Gyal cooperative?

[Nagy] I did not buy anything. As the property was assigned to people, I was given a business share exactly of the size which was due to me after 20 years of work. This does not mean that I did not want to buy, but I was afraid if I did so, it would create tension and the transformation of the cooperative would become more difficult. I have enough trouble as it is, because in spite of the fact that we had a profit of 50 million forints last year, that the cooperative does not owe a penny for loans, and that the membership of 1,500 people voted unanimously for the distribution of property, I have been denounced 13 times already. People have complained about me even to MUOSZ [National Association of Hungarian Journalists] and MUK [Community of Hungarian Journalists]. During the current huge movements of property, we would need a period of quiet in politics so that the members of cooperatives could come to an agreement without passions. Without this, hundreds of thousands of lawsuits will be started, and a bunch of judges freaked out because of overwork will be locked up in the nut-house.

[Felix] Listening to your concern for judges, it occurs to me that there are people who find fault with your

political and interest group activities. For instance, they charge that as a politician of the agrarian alliance, you tell your piece of mind to your opponents, and then you turn around and negotiate with them as a representative of MOSZ [National Association of Agricultural Producers and Cooperatives] interests. Moreover, many people question the legitimacy of the representation of agrarian interests altogether. They say, for instance, that many people are members of the Agrarian Chamber and the MOSZ at the same time, while the opinions of these two organizations are often opposing each other. Who represents the people with dual membership?

[Nagy] As far as telling one's mind is concerned, I think a real politician can overcome grievances suffered in partisan discussions, and in professional matters can negotiate as a professional. I consider the opposition with the Agrarian Chamber obsolete. It would be good if it were finally recognized that the registered agrarian interest groups came to an agreement last December and created the Agrarian Arbitration Forum. For the last 10 months, the government cannot claim that there were no legitimate agrarian interest groups. Of course I am aware of the fact that after the transformation of cooperatives the MOSZ will also need new delegates, new officials, and a new organizational structure. My message to the impatient is that this will also take place soon.

Reception of Hungarian Satellite TV Clarified

93BA0008A Novi Sad RT UJSAG in Hungarian
24 Sep 92 p 15

[Article by Gabor Horvath: "What, Where"—from the radio and television program supplement of the daily MAGYAR SZO]

[Text] In the course of the past few weeks, several readers inquired where they could buy equipment suitable for the reception of satellite television programs (what, where, and for how much). First of all, we must know what we intend to buy—or rather, what we have to buy in order to get a flawless picture on the screen and to be able to enjoy the radio programs transmitted by the same satellite. First of all, we must decide whether we want to watch the programs of one satellite, or of several. More satellites—more programs, but this has its price; the costs are several hundred German marks higher, because additional equipment is necessary to turn the antenna. In view of our present purchasing power, as well as of the programs of the satellites to the east and to the west of Astra (from Arabic through Japanese to Spanish), we can safely declare that it will be enough to target Astra.

The equipment must consist of the following elements:

- inside unit (receiver);
- satellite dish (at least 120 cm in diameter);
- LNC (no more than 1.2-decibel noise level);
- electromagnetic polar switch;

—connecting cables and units.

Of course, all the above must be compatible!

About the prices. Domestic supply is poor; the prices are between 1,100 and 1,500 marks, with or without installation. Only our most competent readers would be able to install the equipment themselves, thus, it is better to entrust a professional (or the supplying firm) with it. Abroad, prices are lower, but we must not forget the customs to be paid at our border, and the travel expenses. In Germany, complete sets of good quality (e.g., Grundig) can be bought for as low as 700-800 marks, with only one flaw: The equipment is sold with a 60-cm dish which is too small at our latitude and longitude. It is not worth buying something like this. According to unverifiable rumors, certain private firms in Szeged sell complete sets for 600 marks. If this is true, it can only be of the worst quality. For instance, the receiver is only able to receive 16, or at the most, 32 channels, and is not stereophonic; the polar switch is mechanical, the noise level of the LNC is above 1.2, etc.

N.B.: Only a stereophonic receiver with 48 channels is worth buying!

Where should we inquire at home? Here are two telephone numbers:

1. Laszlo Gobor, Temerin, 021/840-892
2. EAB SAT, Beograd, 011/669-266

Both places deliver and install equipment for individual reception as well as sets of equipment providing several apartments with satellite pictures.

[Box, p 15]

As a coincidence, Laszlo Gobor from Temerin called us on the telephone when we were writing this article. His information is as follows: On 1 October, a regular satellite program in Hungarian will start with a program time of three ours a day. The program time will be increased to eight hours a day starting Christmas. The program will be transmitted by Eutelsat II Fc (16 degrees, East). In practical terms this means that if our antenna is in an accessible place (in the yard, on a balcony, or in the window), we can easily direct it from Astra to Eutelsat II Fc and back, although equipment to turn the antenna or an antenna directed only at Eutelsat would provide a better picture.

Photo Caption

1. p. 15: Let us not be duped by a skillful merchant. Good equipment has its price!

Reasons for Closer Ties to NATO Stated

93EP0013A Warsaw RZECZPOSPOLITA (supplement)
in Polish 26-27 Sep 92 p 8

[Article by Maria Wagrowska: "We and the North Atlantic Alliance: Why Join NATO?"]

[Text] Until recently, Poland's turning to the North Atlantic alliance was primarily a reaction to the long years of dependence on the Soviet Union and the Warsaw Pact. Premises grounded in the future rather than in the past were but secondary in suggesting it.

To us, NATO symbolized the West, America, Europe, affluence, democracy, and the hope for a security umbrella extended over Poland. The time for more profound reflection on why we would actually be in such a hurry to get under the wing of an organization experiencing an identity crisis came only after questions like "when will NATO admit us as a full-fledged member" went unanswered. Changes in the East were received enthusiastically in countries belonging to the alliance, but at the same time forced NATO to revise the premises of its security and defense policy.

So why does Poland care so much, first, about a rapprochement with the alliance, and subsequently, about joining it as soon as possible? Two fundamental reasons are obvious, and it would make no sense to devote much space to them. The first reason is the one mentioned in the beginning: To be closer to the United States and Western Europe, and the security system they offer. It is generally known that there is no defense organization in the world as powerful, effective, and, owing to the principle of consensus that applies in decisionmaking, considerate of the interests of all member states as the North Atlantic alliance.

The second reason is found in the old truth that even the most sovereign nation may ensure its security better through cooperation with other countries, than on its own. To be sure, NATO is considered to be the main, but not the only security organization in Europe. Nations seeking membership in the union of 16 do not have their path to cooperation with other structures barred, such as the European Community, the Western European Union, and the Conference on Security and Cooperation in Europe.

The third reason is associated with changes in the nature of the North Atlantic alliance. Its political doctrine and military strategy are changing. They increasingly take into account the security interests of Eastern countries, too. NATO proclaims that it is not indifferent with regard to our security interests, and that European security is indivisible. In addition, the Western alliance is beginning to embrace new areas, such as the economy and ecology. The changes, as well as the announced further transformation, depending on the policy of the East (and increasingly also non-European countries), cause confidence in NATO to grow. It is doubtful if the rapprochement that has come about in the last three

years could have been that vigorous had the West, for its part, not accommodated us.

The statement that the Atlantic alliance was the first to extend a welcome to us is eagerly used in official announcements and the press in the West.

NATO set forth the new policy with regard to the East for the first time in the London declaration in July 1990. However, that policy had actually been implemented earlier, in the late 1980's. In May 1988, the United States came up with an initiative to withdraw unilaterally some of its conventional forces from Western Europe and to restrict conventional armaments of the West and the East to equal levels. Soviet might was not only 10 times greater in terms of strength than that of the West, but also completely dominated the forces of the remaining countries of Central Europe. The proposal made by U.S. President George Bush was well thought out; it was accepted by Gorbachev's Soviet Union and its allies at the time. Owing to that proposal, the impasse at the Vienna talks, which had been dragging on for years, was overcome. Therefore, the United States, with the support of its allies, in a way initiated the reduction of the USSR armed forces.

In recent years, NATO changed its approach to nuclear weapons and the functions they are to perform to such a degree that the withdrawal of all American missiles launched from the ground or vessels from the Western part of the continent began. That reduced the danger of an East-West nuclear confrontation in Central Europe. U.S.-Soviet negotiations concerning the elimination of tactical nuclear weapons also began as a U.S. initiative. That brought about the withdrawal such weapons from the European part of the USSR (and subsequently, from the "nuclear" republics of the CIS [Commonwealth of Independent States]). U.S. combat planes deployed in Europe and capable of carrying so-called dual-purpose weapons (nuclear or conventional) may be used mainly in action in the event of security threats on the outside borders of the NATO territory.

Therefore, NATO policy facilitated arms limitations and the improvement of the external security of Poland and other Central European countries, but to a certain degree, also a reduction in tensions between the Soviet Union and its official allies from the Warsaw Pact. As we remember, toward the end of the 1980's these tensions resulted from the unwanted presence of USSR troops in Central European countries and the fear of the military strength of the Eastern superpower. That posed the threat of armed intervention in Poland, which was leaving the sphere of Soviet influence.

Since the end of the 1980's and the beginning of the 1990's, NATO has been stressing that the very existence of the organization is a deterrent to possible attempts by the Eastern superpower aimed at restoring its domination of Central Europe and republics gaining independence from Moscow. However, at the same time, the West is against excluding Russia from international

cooperation, which includes, mainly, the process of arms control and disarmament and the building of a security system. Johann Joergen Holst, the Norwegian minister of defense, said recently: We need a strong army to provide security against Russian military might, to preempt an offensive policy, which we should still take into account, and to reinforce mutual cooperation.

The decision to incorporate the former GDR into NATO was also proper from the point of view of the security interests of Poland. Polish diplomacy managed to view it

as an element of building a general European security system rather than in the narrow categories of bilateral relations with Germany. For our country, a united Germany anchored in NATO structures is a more favorable situation than any kind of special status for the area of eastern Germany, for example its neutrality. A reduction in the strength of the Bundeswehr and its restructuring, the "sparser" military presence in the eastern border zone, and Polish-German military cooperation are some of the most significant factors contributing to the security of today's Poland.

Union Leaders on Election Results

93P20023A Bucharest *TINERETUL LIBER*
in Romanian 14, 15 Oct 92

[Article in two installments by Liana Buligan: "Trade Unions Announce Great Social Movements Following Loss of Elections"]

[14 Oct pp 1-2]

[Text] From the defunct and disciplined instrument that once was the General Union of Trade Unions to its present configuration, the trade union movement has traveled a long road, not lacking in convulsions and apparent paradoxes, but also successes. The trade unions have traveled a common path with the entire Romanian society to which they belong and which they represent. From a single organism they have been transformed into a multitude of trade union organizations in a trade union unit or federation that, in their turn, on the basis of a political option, have regrouped to create the present situation: the Consultative Council of Trade Unions (Alfa, Fratia, the CNSLR [National Council of Free Trade Unions of Romania]), representing more than one-half of the existing union members, the National Trade Union Bloc and several large trade union confederations that are unaffiliated but are associated within the Joint Government-Trade Union Commission.

There have been disputes but also amazing instances of solidarity in the important moments of life in society. The trade unions have been able to devise and legitimize the first collective labor contract in the history of the nation despite an obvious strategy to foster atomization and quarreling that the government practiced at a certain time.

The trade unions always denied that their activity was in the sphere of politics, acknowledging only in recent months that the protection of the rights of workers means to carry on a certain type of politics. From the promotion of the idea of lobbying in relations with political parties to the establishment and support of their own political party—the Social Solidarity Convention [CSS]—the Romanian trade unions were inconsistent and immature in their relations with the government. The cost of this inconsistency was a decrease in their credibility, though the trade unions remain a force that should be taken into account in the society of the past two and a half years. The recent elections resulted in an extensive process of clarification of the political option for the trade unions. The failure of the unions' own party shows the lack of maturity of the political awareness of the trade union members who cannot subordinate their own options to the general interests and the interests of workers who are confronted with very serious economic and social problems. At the same time, a large part of the large trade union confederations have stated their firm political option, without assuring us that this option is also the choice of the superstructures, that is, of each party member, not only of the leaders of the central apparatuses. The protests that have come from local

organizations have created tensions that cause us to predict a profound restructuring of the Romanian trade union movement in the near future.

In this context, we interviewed leaders of five large trade union federations, asking them two questions closely connected with their views regarding the postelection sociopolitical situation. We think that this is a representative choice because these five confederations combine different but firm trade union options and attitudes and, at the same time, they are the spokesmen for approximately 80 percent of the Romanian trade union members.

The questions were:

1. What are the opinion and position of your confederation regarding the results of the parliamentary elections of 27 September 1992?
2. What are the intentions of the trade unions given the new domestic and international political configuration?

The National Trade Union Bloc

This organization combines 12 trade union federations, with more than 400,000 dues-paying members. Its chairman is Matei Bratianu.

1. We are the only trade union confederation that clearly defined our political position long before the parliamentary elections, a fact that was noted by the press. As a result, since we declared our choice of and support for the Democratic Convention [CD] by means of a protocol with mutual pledges signed between the leaders of the National Trade Union Bloc and the leaders of the CD, things are clear. We believe that the results of the 27 September parliamentary elections do not reflect the real need for a change that is absolutely necessary for Romania. These results occurred because elements of amateurism entered into the CD election campaign, elements that the obviously partisan character of television and the skillfulness of the FDSN [Democratic National Salvation Front] exploited. For example, the CD did not stress the unity and integrity of the Romanian national state or the strict need to respect the law, although these things are contained in its platform.

We believe that the elections were honest, though the large number of cancelled votes represents a big question mark. We are concerned about the massive penetration of nationalist and far-left parties in the future parliament and we explain this phenomenon by the sudden drop in the threshold of poverty under which more than half of the Romanian voters live. These people have absolutely no protection and they have lost confidence and hope. In the present context, we will respect the agreements signed with the CD since we are convinced that only the CD is capable of changing Romania's situation. Also, we think that it is necessary to unite and homogenize trade union bodies in order to increase their strength. Thus, it is hard to imagine any other defender of the rights of workers.

2. We do not intend to become instruments of any party. We will have contacts with democratic parties and we will refuse to collaborate with the neocommunist structures that are in the majority now. Our position will be one of constructive opposition to the government, as is the case in all democratic countries. We believe in and we will raise the issue of revising and approving amendments to the Trade Union Law and the Law on Collective Labor Contracts and the immediate blocking of the passage of the draft laws on state allocations for children that actually decrease the family budget. A government of national unity is hard to imagine since there is no common platform for governing and the CD would compromise itself if it were to participate in the new government in light of the disastrous situation on the national level.

The trade union movement never damaged Romania's image abroad. In regard to the American Senate's failure to grant Romania most-favored-nation [MFN] status, we ask: How guilty do the current government and presidency feel in this matter? We believe that this status was not granted because the structure after the recent parliamentary elections is marked by nationalism and neocommunist and the moral effect of this discord will also have repercussions on the decision of the European Economic Community.

The National Confederation of Free Trade Unions of Romania [CNSLR]

This organization has approximately 2 million members. Its chairman is Victor Ciorbea and its secretary is Ciprian Holhos.

1. The new configuration in Parliament resulting from the entry of the Socialist Workers Party [PSM] and the Romania Mare Party [PRM] was a great surprise for us. These results are explained by the defective manner of implementing the reform—which pushed the voters toward the left—and by some mistakes made by the CD in the election campaign. If it is to be consistent with its previous positions, the CNSLR cannot renounce them and espouse opportunistic positions. We are not defending politicians or parties but trade union ideas regarding the defense and protection of wage earners. Perhaps some of the members of our trade union will have to review their choices and make a decision in which the December 1989 revolution will have to be taken into account. If we have forgotten why we went out into the streets in December 1989, then the sacrifices of those who died have been in vain and I am convinced that the families of those who sacrificed their lives for freedom do not want to see the guilty parties in parliament. Regardless of the choice of each person individually, we remain the defenders of the ideals of democracy in the name of which we appeal for solidarity.

2. The CNSLR will continue its struggle to protect wage rights and to ensure that there are viable social protection programs, regardless of the final form of government structures. If these rights are violated, we will mete

out punishment through the means used in the trade union struggle, immediately and firmly, no matter what person or political structure might be responsible. We do not want to make populist statements. Therefore, given the serious situation currently existing in Romanian society, the CNSLR will remain politically equidistant, while also stating, on this occasion, that it will not agree to become a "transmission belt" for any party or political alliance. We will preserve our integrity and will remain a democratic trade union, vigilant and honest toward those whom we represent.

The "15 November" Intertrade Union Confederative Alliance

This organization groups together trade union federations of wage earners in the machine-building industry and in the public services sector and has approximately 150,000 members. Deputy chairman Mihai Popescu expresses the views of the confederation.

1. The 27 September 1992 elections were typically communist both because of the irregularities noted and because of the results obtained. It seems to me incredible that, after 45 years of communism, we would vote with such "abnegation" for the PSM and the PRM—structures of the defunct Romanian Communist Party in disguise. We supported and we will continue to support the democratic forces represented by the CD and the National Salvation Front [FSN]. According to our statute, we are not able to impose a certain type of vote on the union members but we are together in this body because we have common points of view and, therefore, a common position on certain political developments.

2. We believe that, first of all, the trade unions should defend the rights of the wage earners to work and to a dignified life, but this does not mean that they should refrain from taking a political position. We will continue the union struggle by specific means, punishing every violation of our rights. We believe that the democratic forces have not done everything possible to change the mindsets of the voters by information and discussion at each level of social life. The unions must be active in this area. We think that the Social Solidarity Convention Party [CSS] was inopportune and that it split up the electorate and, as a result, it has served neocommunist.

The position of the United States in regard to MFN status seems to us to be normal in light of the victorious reelection of communism in Romania and there is every chance that the Common Market will react the same way.

[15 Oct p 2]

[Text]

The "Alfa" Trade Union Cartel

This organization brings together about one million members of trade unions connected with the metallurgical, electronics, machine-building, and petroleum industries. Dan Mocanescu is the spokesman for the cartel.

1. We consider the results of the parliamentary elections of 27 September 1992 to be a double loss. In the first place, they consecrate as winners cryptocommunist forces (the FDSN and the FSN) that are totally blind to the concept of democracy and incapable of understanding its ideas and language, and, on the other hand, they have permitted access to Parliament of hostile forces (the PSM and the PRM). The parties of communist orientation profited from the lack of credibility of the other political groupings and from the fact that the CD did not carry out a professional election campaign: They failed to cover the entire country and there was a lack of discussion to set forth ideas of national unity, moral and legislative restructuring. The deterioration of the social situation, the serious economic problems, the situation of financial blocking becoming more widespread, the complete lack of programs of social protection and social security—all these things make Romania's situation almost impossible. I believe that it will not be very easy to find a formula of national unity for governing the country. The union cannot allow chauvinistic speeches and must work for the respecting of work rights and wage rights, therefore, first of all, it will prepare and sign the Collective Labor Contract for 1993. The question is whether it will have a government, a client with whom to negotiate and sign the contract. Another reason for sadness is the loss of the party supported by the trade unions—the CSS—explained by the lack of political maturity of the union members, by the fact that some people confused the role of trade union leader with the role of political leader. This loss will keep the trade unions from having representatives in Parliament and, therefore, they will not be able to support and defend rights.

2. Our duty was to inform the members of our trade unions of the deeply negative impact that our parliamentary elections have had abroad and of the fact that, at this time, it is believed that only the CD represents a guarantee of democracy in Romania. Of course, the refusal of the United States to approve MFN status for Romania—and, perhaps, a similar attitude on the part of the EEC—are motivated by these results. We are not imposing any position or option but we are giving information on the real situation of the country.

The "Cosin" Confederation of Unaffiliated Trade Unions

This organization joins together six trade union federations and three trade unions, with a total of more than 350,000 members. Chairman: Nicolae Vlasceanu.

1. In the current situation of economic disaster, no matter what the results of the 27 September parliamentary elections might be, they represent a turning point in the country's fate. I believe that these elections were honest but I am surprised at the entry of the PSM and the PRM into parliament, to the detriment of some political groupings with a respectable history. Now we believe that the essential thing is not an attitude of sterile contestation but a balance that the new government must achieve. The president will have to achieve collaboration with the opposition, at any price, in order to ensure a balance. Without a balance, we run the risk of extending the current disaster to limits that I do not want to imagine. The very existence of our nation is at stake. The members of our confederation made their choice freely and without interference, in accordance with their own political orientations. What we have in common is the fact that we desire the elimination of communism once and for all, we want democracy, a market economy, competence on the executive level, and economic prospects.

2. In our opinion, trade unions should not engage in politics but should support government measures that are in accord with their economic and social goals. Our role is to stabilize social life, not create new social tensions and not become extremists by means of permanent opposition of political origin. We propose a well-considered attitude and the sparing use of the tools of the trade union struggle, only in extreme cases. The refusal of the American Senate to grant MFN status to Romania surprised us, especially since we believe that the motivation of this decision was false. There is no ethnic problem in Romania and this fact should be plainly stated so that there will no longer be any place for diversionary tactics.

The "Fratia" Confederation of Independent Trade Unions

This organization has approximately one million members in transportation, health, and heavy industry. Chairman: Miron Mitrea.

1. The results of the September parliamentary elections are catastrophic. It is incomprehensible how we (the Romanian people) have succeeded in replacing a totalitarian communist government, in only two years, with a similar parliament. A conservative socialist party (the FDSN), followed by a nationalist party (the PUNR [Romanian National Unity Party]), an extremist nationalist party (the PRM), and a communist party, set up on the skeleton of the former communist *nomenklatura* (the PSM). Thus, it is a parliament with a retrograde ideology. I believe that Ion Iliescu has created a group of parties that have succeeded in exploiting the mindsets and fears of the electorate. I believe that the current Parliament cannot function. The traditional parties (the National Liberal Party), those that are open to the transition (the FSN), profoundly democratic parties (the Romanian Ecologist Party and the Republican Party), or

powerful proponents of a real change by concrete solutions (the CD) are put in the situation of not being able to form a parliamentary majority.

2. We cannot accept a possible return to communism or a communist government "with a human face." The economic situation is very severe. Poverty has reached disastrous levels and, in a short time, we will probably be seeing great social movements. I do not think that the present Parliament will be able to have the solutions and means to resolve them and, outside the country, our credibility as a state that is in transition to democracy is almost nonexistent. Romania will not be able to get through this period without foreign aid and I do not know where the country will get it.

The world is governed by economic and political interests and not by feelings; therefore, the American Senate's refusal to grant MFN status to Romania should not surprise us. The results of the parliamentary elections in Romania, even in their preliminary form, destroyed the last remaining interests that the United States might have had in Romania. Indeed, we heard the echo of this attitude in the EEC that, as soon as the election results were announced, broke off the discussions it was having with the trade unions in regard to setting up an advisory body for economic cooperation, evaluation, and consultation. This brutal cutoff of the talks, with direct allusions to the Romanian election results, affected us. Even in the trade union world, our relations changed. We have

information that special clauses in regard to Romania, which are more disadvantageous than one could ever believe, have been inserted into the Treaty of Association of the Common Market. I am worried when I see how rapidly socioeconomic life is deteriorating in the entire country and I realize that unemployment will increase and that the poverty threshold will rise to an intolerable level, and that the solutions that would stop the social movements resulting from this situation do not have any economic support.

As one can easily see, Romanian trade unions exist and operate according to principles of a real democracy, that is, they present a remarkable diversity of opinions and, especially, of shades of opinions. The substance is the same: recognition of the extreme poverty, rejection of communism, and concern about leftist-nationalist deviations (that are possible because of the composition of the future Parliament?!). All these things must be taken into consideration because they can become the driving elements of serious social distortions. We will see trade union reorganizations and mergers prompted by the need for solidarity and cohesion. What is essential for the new government is the way in which it will be able to establish a nonconflictual relationship with trade unions, so that they, rising above their differences, will remain a representative force. In the final analysis, almost all of us are wage earners and we are concerned about our social relationships and the material, moral, and national costs of the transition.

Mostar, Tuzla, Banja Luka To Be Future Centers
93BA0080D Belgrade POLITIKA in Serbo-Croatian
13 Oct 92 p 8

[Article by M. Duric: "War, People, Politics: Will Sarajevo Be Deserted?"]

[Text] *The future centers in B-H [Bosnia-Herzegovina] being mentioned are "Croatian Mostar," "Muslim Tuzla," and "Serbian Banja Luka"; Alija Izetbegovic's travels; does Stjepan Kljuic have a chance of becoming president of the B-H Presidency?*

It is known that the Miljacka River was often capable of drying up completely, but also of rising again.

Threatening dark clouds of war are hanging over the city through which the river passes. Many people have left Sarajevo, and the city is disappearing....

After Bosanski Brod, Alija Izetbegovic visited Mostar, it was noticed last week. Among the Sarajevo public, in the inner circle, but also by way of television, the question was immediately raised, as in the past, of whether this trip was in his capacity as president of the B-H Presidency or as chairman of the Muslim SDA [Party of Democratic Action], of which he is also the head. The SDA leadership immediately protested such public questions, emphasizing that this supposedly sows discord among Croats and Muslims, and thus plays into the hands of the "Chetniks."

Izetbegovic continued his activity, staying in Bugojno and then in Zenica, among other places. After this tour, all that remains is to return to Sarajevo, but some people are of the opinion that Izetbegovic will now continue on to Tuzla, and even that he will never return to Sarajevo.

At the same time it is being said, increasingly openly, that the preconditions are being created for setting up a Serbian political center in Banja Luka and a Croatian one in Mostar, so that Alija Izetbegovic's trip to Tuzla would also mean that he is moving.

In this way, Sarajevo ceases to be a center and becomes a deserted city. Many members of the government have already left it, but given the fact that they have been given a deadline for returning, the city on the Miljacka is the scene of political disagreements, aside from the military conflict.

In the difficult times of war, it is almost humorous to note that no one is hiding the fact that "there is not a

single government in the world, aside from the Bosnia-Herzegovian one, that has the headquarters of its ministries in foreign states."

Mention is made of the "expensive trips" by ministers and their stays in luxury hotels abroad. Noises have been heard concerning the frequent absences of ministers among top SDA officials, demanding that the attitude toward them be reexamined.

The deadline announced recently, which was set by Stjepan Kljuic, is running out precisely at this moment.

Among those who are "on the road," mention is also made of Alija Delimustafic, the former top man at MUP [Ministry of Internal Affairs], and then minister "for supply and entrepreneurship." People continue to starve in Sarajevo, but the enterprising minister has succeeded in getting the name of his company, "Ceneks," in the title of OSLOBODJENJE (where an oath to Tito was recently removed).

Practically speaking, since the B-H Government was formed sessions have been missed by, among others, Minister of Foreign Affairs Haris Silajdzic, which is understandable given his activities, but also, surprisingly, the head of the HDZ [Croatian Democratic Community] in B-H, Miljenko Brkic, who is otherwise minister of religion.

Prime Minister Jure Pelivan, also from the HDZ, is in Sarajevo, together with Vice Presidents Miodrag Simovic, Zarko Primorac, and Rusmir Mahmutcehajic, but that is why the question is raised openly: Does anyone remember Franjo Boras and recall that he is still officially a member of the B-H Presidency?

There has not been much official information about Boras' absence, or it has been explained that he left for Herzegovina and that he is still a member of the Presidency. It is interesting that even though he still holds his post, Boras is not in contact with the other members of the Presidency, not even with Stjepan Kljuic, with whom he is a Croat representative in this state leadership. Specifically, Boras "is participating in the formulation of official policy" by way of the general secretary of the B-H Presidency, Milo Ahmadzic.

The times are changing in Sarajevo, and certain political changes have already been announced. If elections are held based on the previous "national quota," then the president would be a Croat, and it is felt that Stjepan Kljuic has the strongest hand here. The question arises, however, of whether the Presidency will even exist. A separate question, of course, is whether thought is even being given to peace with the Serbs and to their presence.

Many questions continue to emerge when one mentions Sarajevo and the fate of its people.

Shortages in Serbian Republic of Krajina

93BA0080C Zagreb NOVI VJESNIK in Serbo-Croatian
11 Oct 92 p 4

[Article by Jadranka Klisovic: "Shortages Raise Temperature of 'Krajinans': Even Knin Cannot Do Without Bread"]

[Text] *In "Krajina" they are used to not having gasoline and cigarettes, but it will be hard for them to get used to life without bread. According to information from so-called Serbian Radio Knin, there is enough wheat left for 20 more days, while there is no way that local politicians will sign an agreement on delivery from the "FRY" [Federal Republic of Yugoslavia].*

Sibenik—There are no changes in the governing structure of the phantom state of "Krajina," Mile Paspalj, the head of the "Krajinan Assembly," announced in a thunderous voice several days ago. There is increasing disorder in so-called Krajina, together with discord among factions and politicians that are fighting each other for power. There are also reports of firings, of people fleeing to Serbia, and of shortages that are a major headache for "assembly members" from Knin. Supplying Knin and "Krajina" with basic foodstuffs was a subject of discussion at the latest session of the "Assembly of Knin Opstina," which was attended by the general manager of "Agroprerada," Dusan Dokic. "Agroprerada" is the strongest Krajinan supplier of basic food products. His disturbing message, according to a so-called Serbian Radio Knin broadcast, was that "Agroprerada" reserves can last at most 20 days, because that enterprise has not secured the necessary quantity of flour for this year and next year.

So-called Serbian Radio Knin reports in detail on efforts by the "Krajinan collective" to acquire the necessary quantity of grain in the territory of the Republic of Serbia. Talks have been held at the Office for Commodity Reserves, but thus far no agreements have been signed between the Republic of Serbia and the government of so-called Krajina. In order for a certain quantity of wheat to be sold outside the "Federal Republic of Yugoslavia," government approval is needed, and thus far it has not been obtained. Day after day, the "Krajinan" radio service crams its listeners full of these and similar explanations, which are supposed to instill in the people a new dose of confidence in what the leadership of that phantom state is doing and how it is doing it. Thus, the Radio Knin announcer informs his faithful audience that other steps have also been taken to resolve this most burning issue for "Krajina." Attempts to acquire wheat in Baranja were unsuccessful, because the amount of grain available in Baranja can meet the needs only of "Vranje." However, Knin did not stop there. "Agroprerada" sent a letter to the minister of agriculture of so-called Krajina, but no response has arrived thus far. If one is to believe so-called Serbian Radio Knin, the present reserves are such that they can meet the daily needs for at most 20 days, based on previously agreed

and paid-for deliveries. This means 1,300 metric tons of wheat, while the annual need is 10 times that amount. Because of this, the rulers of "Krajina" will continue to insist on negotiations between Serbia and "Krajina." To begin with, they would reportedly welcome 15 metric tons of wheat, and the money for that would be obtained through the intercession of the national bank of "Krajina." Finally, it is emphasized that trade payments should be established shortly between the Republic of Serbia and the "Republic of Serbian Krajina."

The government of so-called Krajina is attempting in every possible way to find justification for the increasing hardships in Knin and for guarding its imaginary "borders." Here, success is increasingly elusive. The shortage of food, gasoline, and cigarettes is causing a split between the "Krajinan" storm troopers and their subjects. Everyone who participated in negotiations with the Croatian side was recently suspended, and all contacts with the Croatian side are prohibited until further notice. That is the reason that there have been no negotiations even on humanitarian aid for a second week now. A news blockade has taken hold of every square inch of "Krajina," because efforts are being made to hide fear of the bitter truth with various explanations of the unsuccessful actions, indigence, and dissension in the ruling team, and all of that across the airwaves of so-called Serbian Radio Knin.

Fuel arrived in Benkovac after exactly half a year, which provoked genuine panic among the local population. There were several serious incidents in only a few hours. Because of the shortage of electric energy, fuel deliveries have been interrupted on several occasions. If one is to believe so-called Serbian Radio Knin, a total of 33,500 liters of regular gasoline has arrived in Benkovac, which is sold at a price of 260 dinars per liter. Sale is limited to 10 liters per customer, and because of the long lines of cars and people carrying cans, the "Krajinan" police are maintaining order.

Because of the lack of machine fuel, ZTP [railroad transport enterprise] Knin has decided to discontinue service on the Knin-Benkovac and Knin-Gracac lines. In Gracac, the "opstina assembly" has convened. Based on a personal demand, Velimir Veselinovic was removed from the post of opstina president. Until new elections, the post of president will be held by the current vice chairman of the "opstina assembly."

Effects of Croatian Economic Measures

93BA0080B Zagreb NOVI VJESNIK in Serbo-Croatian
11 Oct 92 p 1

[Article by Franjo Kiseljak: "After New Measures by Government of Republic of Croatia: 'Freeze' on Wages Calming Inflation?"]

[Text] *As much as 20 percent of the average monthly growth in prices will be covered by new money. In other words, 80 percent of monthly price increases will not be backed.*

The germs of the problems that forced the government of Eng. Hrvoje Sarinic to announce on Friday major shifts in the structure of wages, prices, and taxes were obvious back at the beginning of the year, when the then government of Dr. Franjo Greguric was two months late in enacting the republican budget. The government at the time simply did not know how to extract the money necessary for increased state spending (defense, refugees, and exiles) out of the precipitously falling value of the social product. The capacity of fiscal policy was approximately \$2 billion short. Certain assumptions, especially those concerning more abundant foreign aid, have not become a reality to this day. From the chasm of budget deficits over which the torch of hyperinflation is suspended, the government of Eng. Sarinic is trying, by multiplying the tax burden, to squeeze money to finance urgent needs from feeble production and hidden channels of tax evasion.

The effect of increased tax drain requires no special explanation. The government knows that new taxes and the approved price increases through numerous infrastructure activities will stir up inflation to hyperinflationary proportions. The single step of increasing the price of electric energy by 80 percent and of petroleum products by 45 percent will directly raise the level of prices by around 5.7 percentage points. At the beginning of the year, the previous government was living under the illusion that it would cut the inflation rate to only 5 or 6 percent monthly growth by the fall. The current

government has lowered its ambitions to keeping the monthly growth of prices below the level of 15 to 20 percent.

Measures of monetary policy will be subordinated to this goal. Unfortunately, wages, which are already lagging behind all other parameters, will also be incorporated into the system for curbing inflation. In order for payrolls to gradually draw nearer to the price of goods, salaries will be allowed to rise for appreciably more expensive goods and services, and their growth will be limited by special measures. For now the only certain thing is that payments for October will be maintained at the level deduced from the 10,000 Croatian dinars of the so-called minimum wage. For payments in November and December in solvent enterprises, a monthly increase of 10 percent will be permitted. As much as 20 percent of the average monthly growth in prices will be covered by new money. In other words, 80 percent of the monthly price increases will not be backed. This should be a recurrent signal to accountants of new price increases that inflation is gradually disappearing....

Whether all this will take place in accordance with the predicted scenario and whether the average man with revenues exclusively from employment will survive the whole test is a big question. Right now, reviving production and overcoming difficult social circumstances actually depends crucially on foreign financial aid.

Greek Tactics, Espionage To Destabilize Macedonia

93BA0054A Skopje NOVA MAKEDONIJA
in Macedonian 3 Oct 92 p 16

[Article by Zoran Petrov: "The Fingers of Greek Espionage"]

[Text] *Special Warfare and Macedonia*

The government in Athens has developed a strategy at the highest national level for economic and social exhaustion of Macedonia, which should produce political unrest and destabilization of the Republic. How the Greek espionage apparatus is organized. Guarding itself against the inevitability of international recognition of Macedonia, the Greek intelligence agencies increasingly are losing their self-control.

Upon the disintegration of the SFRY and with the separation of Macedonia as a distinct national entity, the well-known games and scenarios concerning its international status intensified drastically. At the same time, the well-known interests and pretensions of one neighbor are circulating, which is manifested in a significant commitment in the field of so-called special warfare against Macedonia. There should not be any surprise that at this time at least 10 intelligence services and organizations from several countries are operating in the Republic, of which several, in addition to gathering, selecting, and analyzing information, in particular are involved in intelligence subversion and psychological propaganda activities.

The fact is that at this moment the Republic of Greece is conducting special warfare very actively and very aggressively, behaving very offensively in this area. It is an open secret that the government in Athens, at the highest level, has developed an economic, political, ideological propaganda, intelligence, and military strategy for the destabilization of Macedonia. The ultimate purpose of these Greek efforts is very simple and consists in the complete arbitration of the identity and the fate of the Macedonian state. From the point of view of the fact that the special warfare Greece is carrying out against Macedonia is part and parcel of its global strategy and policy, it is necessary to emphasize that the intelligence system and services are very much involved in its planning and execution. It is precisely in this context that it must be emphasized that our southern neighbor has at its disposal an extraordinarily involved intelligence system, in which quite a number of agencies are included.

Intelligence Agents in All Directions

All of the intelligence agencies of Greece are united and directly subordinate to the president of the government. Hierarchically, under the prime minister, there is the Council of Ministers, composed of the ministers of internal and foreign affairs and of national defense, the commandant of the Armed Forces, and the director of

the Central Intelligence Service of Greece—KIP (in Greek *kendriki iperisia pliroforion*).

Actually, KIP represents the first and most important link in the intelligence system of Greece, and its main task is to gather data of strategic significance for the country, to analyze them, and to present them to the appropriate authorities. KIP is divided into five departments: "alpha," "beta," "gamma," "rho," and the special department for the northern regions. The most important department for us is the "alpha" department, which specializes in offensive intelligence activity against foreign countries, while "beta," for example, is concerned with counterintelligence activity, "gamma" is assigned to investigation and prevention of the communist and trade union movement within the country, "rho" is involved in electronic reconnaissance, and the department for the northern areas specializes in investigating the political movements in Northern Greece—that is, in Aegean Macedonia. On the basis of the specialized activities of these five departments, it is possible to determine the tasks and goals of KIP, which normally has its own executive bodies—that is, agents—in the country and abroad.

The Greek intelligence service of second importance and significance operates within the Armed Forces and is known by the name "A-2," or the second administration of Group A. It represents a central management and coordination agency of the intelligence and counterintelligence service and is divided into six departments, of which the best known are those for foreign information and psychological warfare. A-2 (in Greek, popularly called "*alpha dhio*") also has its executive agencies from the Army, down to the battalion level, and is included in all three branches of the Greek Armed Forces (the land Army, the Air Force, and the Navy). The counterintelligence service, which includes a significant number of special officer personnel, trained first of all in the United States, operates with A-2. From the other executive agencies, A-2 has at its disposal centers for the military intelligence service and for radio reconnaissance, and a battalion of military intelligence experts. Likewise, assault forces, as well as battalions for National Defense (TEA units), are included in the A-2.

The third and largest intelligence agency of our southern neighbor is the Main Administration for National Security (GDEA), which is within the Ministry of Foreign Affairs of Greece. It is a management agency and consists of extraordinarily well-organized teams of counterintelligence agents. The fourth unit of the involved system of espionage is ALLODHAPON—that is, the Administration for Foreigners, which, actually, represents one more counterintelligence organization within the framework of the Greek police, oriented exclusively toward following and eavesdropping on suspect foreign citizens in Greece. ALLODHAPON cooperates closely with KIP and A-2. To complete the mosaic of the Greek intelligence organization, we will mention the Ministry of Navigation, within the framework of which there is a

powerful intelligence service specialized to monitor and gather data concerning the movement of all ships in the Aegean Sea.

Aggression in Peacetime Conditions

Specific activities that the government in Athens undertook recently may be identified and discussed as an indicator of the degree of organization and commitment of our southern neighbor at the level of intelligence activity as a significant part of special warfare. Internally, for example, the Greek authorities direct public opinion extremely successfully, setting Macedonia as a national and state problem of priority, contaminating the people with continuous indoctrination to such a degree that all criteria for rational behavior are already lost. At any rate, this was seen best at the Anti-Macedonian Meeting in Thessaloniki.

Externally, Greek diplomacy for the time being is using its position in the EEC by very skillfully delaying the international recognition of Macedonia. In the meantime, with the approach of the presidential election in the United States, in which it is expected that the Macedonian question will acquire a much more serious connotation on the international level directly proportional to the extraordinary progression of the Greek involvement in the field of the destabilization of Macedonia, certain measures and activities present textbook examples of conducting specialized warfare. These include, first of all, the total economic and communications blockade of Macedonia, which, because of the embargo on the transfer of oil from the Port of Thessaloniki has resulted in catastrophic effects on the Macedonian economy. Militarily, the Greek authorities have conducted the very extensive military exercise Philip-II-92, right up to the border of the Republic in order to exert pressure on and frighten Macedonia with a military demonstration. It is obvious that the Greek intelligence agencies are increasingly losing their self-control, finding themselves facing a great time constraint, and turning to the use of even more radical elements of specialized warfare. The last "specialities" of their "kitchen" are the most recent activities of fortifying the border area and spreading rumors, which together represent preparing international public opinion for the inevitable outbreak of war in Macedonia. According to a certain logical series of events, it may be predicted that the Greek secret service will play all the trumps in the last possible version, and that is the provocation of internal unrest in the Republic, because it is more than evident that at this moment peace in the Republic very little suits our southern neighbors, who are trying to prevent inevitable international recognition.

Without considering the inertness of the international factor in the foreign valorization of Macedonian statehood, basically it seems that the elementary prerequisite for peace and safety in the Republic is precisely its stability, internal peace, and unity. The Greek "espionage centipede" is important here simply because time is

not working for it. Or, as the respected German newspaper FRANKFURTER ALLGEMEINE ZEITUNG stated a few days ago, Greece has lost forever the historical opportunity to create economic ties to Macedonia because it definitely gave in to its aggressive intentions and goals.

Assembly Official on Albanians in Macedonia

92BA1438A Skopje PULS in Macedonian
10 Sep 92 p 14

[Interview with Dzheladin Murati, vice president of the Assembly of the Republic of Macedonia, by Mirche Tomovski; place and date not given: "Between the Good and the Bad"]

[Text] *We should solve the relations between the people in Macedonia ourselves.... The birth of the antagonisms between two peoples, national communities, unfortunately creates the conditions for intervention of a foreign factor, says Dr. Dzheladin Murati, vice president of the Assembly of the Republic of Macedonia, in the conversation for PULS.*

[Tomovski] Mr. Murati, how do you evaluate relations between nationalities in Macedonia?

[Murati] The question of an evaluation of anything, particularly of relations between nationalities, is not simple, especially when they are not measurable and when we do not have before us indicators obtained by means of valid and empirical studies. The dynamics of these relations are hard to measure.

I believe that relations between nationalities in Macedonia are developing in shades between good and bad—that is, they are good with a tendency toward worsening or bad with a tendency toward improving. The degree of the good and bad relations basically depends on all of us. And, in the two cases, it is essential that we know: If the bad relations between nationalities are created by ignorance, we have to learn to live together in coexistence, in an international community. If, again, they are deteriorating because of the fact that our heart wants this, we are wrong. This is a question of national hatred, which is very dangerous for Macedonia at the present moment. In any case, whether Macedonia will be without historical and national frustrations and if the seed of irresponsibility will sprout in it, which may have negative reflections on relations between nationalities, depends on all of us who are building a common country. If we understand the values of living together, then a consciousness for good, solid international relations will be created, and this is an alternative of peace and mutual understanding and respect. But why will it not be so?

[Tomovski] Then what complicates relations between nationalities?

[Murati] The things that complicate relations between nationalities are numerous, complex, and, first of all, of a constitutional-legal, political, and psychological

nature. In the first place, it is necessary to emphasize here the multiplicity of unsolved questions in the area of achieving equality of rights. In this case, I am thinking of the Albanians, the second-largest nationality in Macedonia after the Macedonians. For example, the use of the mother tongue in official communication, their treatment as a minority, and, as a consequence of this, the settling of minority rights. This includes problems of establishing the right to education in the mother tongue up to university level, the inadequate representation in the agencies of authority and the government agencies, the extremely or entirely unsatisfactory area of information...

At any rate, there are also other reasons that are manifested every day and that are rapidly complicating these relations or, again, are rapidly making them more acute and worse. I would mention only the political interventions in unjustified cases, the arrogant behavior with demonstration of force. This includes the cases of the two police murders of two Albanians (in the village of Ljuboten in the Skopje district and in Kumanovo); the beating of Albanians in the middle of a street, before women; the intervention of the police in the village of Radolishta; the criminal punishment of Albanians for matters in the nature of misdemeanors; the unequal standards in the case of the punishment of Albanians from the village of Radolishta with the arrested Macedonians from Veles; and so forth.

[Tomovski] Where would the threats in the sphere of relations between nationalities and coexistence be found?

[Murati] The threats from whatever side they come can be only damaging, dangerous, and provocative for relations between nationalities and for peace in Macedonia. Coexistence is not provided or guaranteed by threats. This only paralyzes the interests of relations between nationalities and homogenizes the peoples, which leads to national and territorial limits.

However, there is a question of who understands coexistence and how. If it is understood according to the principle "I and only I will have, will rule, and you, who are not as I am, will be quiet, will be peaceful, obedient, will agree with everything I give you," then that is wrong. Such an approach is burdened with primitive intrigue on the one hand and, on the other, is the desire for national existence. The philosophy of coexistence is very interesting when it is based on social psychology, constitutionally guaranteed equality, mutual respect and trust, and an agreement to live together. However, as Victor Hugo says: "It is not hard to be good; it is hard to be just."

[Tomovski] Will you agree that autonomy and cantonization do not have positive consequences for the people? They are being discussed as solutions even in Macedonia....

[Murati] The discussion about these solutions does not have to be a tragic experience in our country. Even the European Community proposed this for Macedonia—namely, the conference concerning the former Yugoslavia. Why did it do that? Because it seems that only in this way is it possible to maintain national identity and so forth. This, in particular, is sought when it is found that the nationalities are not being respected satisfactorily—that is, the collective rights. In any case, autonomy or cantonization need not be treated as separatism. The autonomous status of a nationality, specifically of the Albanians in Macedonia, in no case threatens the national and territorial integrity of Macedonia. This only means the creation of a national framework where special rights for the nationality concerned will be confirmed, which does not then become a "people within the Macedonian people." As I follow the political thinking of the Albanians in Macedonia and as much as I am able to understand them, they are not against Macedonia. However, on the other hand, they want to be an integrating factor in the Republic, with a great degree of cooperativeness.

[Tomovski] Negotiations concerning relations between the Macedonians and the Albanians are in progress, with the aid of the EC. What does the inclusion of the foreign factor in establishing relations between the people mean? Cannot those who live together in the same area best settle relations themselves?

[Murati] Those negotiations are conducted at the preliminary levels but will be carried out according to the documents of the London Peace Conference. One need not regard the negotiations with disbelief, skepticism, or pessimism. On the contrary, it is an attempt to solve the question of relations between the Macedonians and the Albanians in the best possible way. But why negotiations? That means that there is no readiness, sense, understanding, or reason for us to solve the matters ourselves "at home." That is bad. We should solve the relations between the people in Macedonia ourselves, and, I believe, we have the strengths, the knowledge, and the ability for that. However, unfortunately, the birth of the antagonism between the two peoples and national communities creates the conditions for the intervention of the foreign factor. It should not have taken place for us. But, that is that.

Otherwise, I completely agree—and proposed—that we ourselves solve the relations between ourselves. This is recognition of the truth and the political and historical reality that the Albanians constitute, the second-largest people in Macedonia. Certain forces do not want to acknowledge it, and that creates disbelief and problems, and conceals the danger of threatening and mutual disrespect. Hence, we ourselves are guilty concerning everything that is happening, and it is normal that the foreign factor is manifested in our negotiations.

Chief of Macedonian Petroleum Company on Crisis

92BA1439A Skopje PULS in Macedonian
10 Sep 92 pp 17-19

[Interview with Gavrilko Gavrilski, director of Makpetrol, by Vasil Mitskovski; place and date not given: "The Path of Oil—In an Alley"]

[Text] *The head of the only petroleum company in the Republic is, to be sure, the most-mentioned person in Macedonia at the moment. Gavrilko Gavrilski, 56, has been at the head of Makpetrol for 17 years and is not thinking about retiring because he wants to complete the deals already begun, of which some, such as gasification, have "historical significance in Macedonia." Gavrilski proudly emphasizes that Makpetrol now is one of the most successful commercial companies, which also is indicated in the area of production. The "powerful" director, who has outlived several governments and central committees, who had many "heirs," talks about the solution of the petroleum crisis, about privatization, about mixing politics into the economy, about the financing of the parties....*

[Mitskovski] Are you thinking about retiring, and do you feel responsible for the unprecedented oil crisis in Macedonia?

[Gavrilski] If it is the decision to retire Gavrilko Gavrilski, and if this will solve the problems, I am ready to leave immediately. In the meantime, I have to say that I do not feel responsible for the oil crisis that has set in because of the fact that I and the director of the refinery recognized on time that it would come to this because foreign currency was not provided to obtain crude oil. I must return to the past a little and remember that, in former Yugoslavia, the state was concerned about oil and about the energy supply, in general, and funds were provided for crude oil and petroleum derivatives. The government took upon itself the right to intervene in determining the prices of petroleum derivatives and determining the compensations and contributions that are paid for the petroleum derivatives. Likewise, it is necessary to remember that in former Yugoslavia it was easier to ensure oil because one-third of it was purchased from the former USSR with clearing and somewhat less than one-third from domestic sources; the remainder was obtained with foreign currency. What happened then? When we became independent and when we ourselves had to be concerned about crude oil and petroleum derivatives, our government sought an instrument for providing foreign currency for supplying crude oil because we have to bear in mind that it is purchased exclusively with convertible currency. The attempt of the government to provide foreign currency by holding 30 percent of the flow of foreign currency into the Republic, from which it was necessary to purchase both crude oil and medicines, fixed and guaranteed commitments and foreign currency reserves, did not bear fruit because many businesses did not invest their foreign currency in the country—that is, they did not put it aside for payment, or they

carried out export-import operations by way of compensation. Thus, in general, foreign currency did not come into the Republic. The government did not want to accept the recommendations of the economists in the Chamber of Economics of Macedonia that the course of the dollar is unreal and that it has to increase and therefore was not able to provide foreign currency. Otherwise, I think the government was conducting an erroneous energy policy, both with respect to the electrical energy economy and the Skopje Refinery, insisting on low prices for energy, and thus transferred the loss into these two segments. Therefore, today, Electric Economy of Macedonia is in collapse because it has 20 billion denars of debt and cannot carry out the annual maintenance of the stations, and we will probably be facing a shortage of electrical energy.

[Mitskovski] Could the oil crisis be postponed at least for a certain time?

[Gavrilski] In no way. This crisis would have appeared much earlier, but it did not come because there were certain reserves, and we, in a certain way, prolonged it for at least a year. The crisis could not be avoided because stable and effective sources of foreign currency were not found. In the meantime, without anything else, such a crisis would not have occurred if Greece had not begun the blockades because we have crude oil that is not being transported from Thessaloniki, so there would have been continuity in the operation. Likewise, it must be said that we recommended that gasoline cards be introduced. In the meantime, it is late with this except that, when the cards were issued, it was found that we do not have material coverage because we do not have either enough crude oil or derivatives. Without anything else, the embargo that was imposed against Serbia contributes greatly to the crisis because enormous amounts of petroleum derivatives were pumped out in southern Serbia and Kosovo.

[Mitskovski] Have you offered any concrete plans up to now, and, in the current situation, is there a solution for the currency nonliquidity that will give us more time?

[Gavrilski] We have continued to offer a solution, but they did not want to understand us, intentionally or unintentionally. So it happened and this is what we have come to. We thought we would overcome this crisis together with the refinery. We will say that it is possible to sit down and talk with the former Soviet Union about the possibility of offering it certain goods for barter and, in exchange for that, to obtain crude oil, such as, by the way, Slovenia did. According to our estimation, it would be possible to conclude a deal for approximately 500,000 metric tons of crude oil per year, which is 50 percent of the needs of Macedonia. Therefore, the new prime minister should leave for Russia as soon as possible and complete the deal just as the Slovenians did. Perhaps it will not be possible to arrange this for this year, but it is worth trying for next year. With this, we have solved a great problem, and one more remains: to obtain a realistic price for the petroleum derivatives—that is, for it to correspond to the real exchange rate of the dollar.

[Mitskovski] How will we pass this winter? Are the expectations that we will shiver from cold realistic?

[Gavrilski] I hope not, but things are going to be very hard.

[Mitskovski] Does this mean that it will be possible to supply oil only if the government intervenes and involves itself more actively in the supply?

[Gavrilski] Yes, there will be much intervention, and the supply will be hard to come by. There is an abundance of crude oil on the world market, and I hope Greece will remove the embargo against Macedonia. I repeat, as long as there is foreign currency, there will be no problems. However, I am not quite sure that we will provide enough foreign currency to buy the crude oil and the petroleum derivatives needed by the economy and the population, as well as by private business.

[Mitskovski] Is it possible to quantify how much oil will be missing?

[Gavrilski] It is hard to do, but, in any case, there will be great hardships.

[Mitskovski] Is a complete collapse in the supply possible?

[Gavrilski] I do not believe in that because we have to find some solution, even though with a decrease in consumption.

[Mitskovski] The conviction that it is possible to overcome the crisis only with the help of the private companies now prevails. Do you agree with these optimistic predictions?

[Gavrilski] At this moment, every idea for a greater and more regular supply is useful, and every good initiative has to be accepted. Makpetrol never was against some competition being manifested in the supply of petroleum derivatives. We came to an agreement in-house to accept whoever wants to supply petroleum derivatives, but under strict legal rules. Makpetrol cannot import petroleum derivatives and pay with dollars in cash in Bulgaria and Greece; it can do so only against a letter of credit. And we are prepared to pay those people in denars against a clearing account, if they offer us derivatives, but not in cash. Otherwise, I have to explain how the petroleum derivatives are purchased now by specific companies. People go to Bulgaria or Greece, carry foreign currency in cash, and buy petroleum derivatives. Makpetrol is against that because of the fact that the price of the petroleum derivatives, ever since the embargo against Serbia was introduced, has increased so that an additional \$600 or \$700 per ton are paid to the Bulgarians and the Greeks. I think that is not in order because this is not a country that is rich enough to do that. It was reported on television recently that diesel fuel from Bulgaria has reached \$250, and, on the world market, it is worth \$170 at most. That means we overpaid the Bulgarians more than \$50. In addition, speculation and hunting around in the murky oil business is not easy to do anywhere in the world. Today we

want to adopt Western knowledge, but it is known that there are the so-called seven sisters, who direct exploration and production and the marketing of petroleum derivatives. Likewise, the trading houses that serve as agents in the oil business are well known. If a majority are involved in the importing of crude oil and petroleum derivatives, it is possible that chaos may appear on the market—that is, an artificial increase in the demand and an artificial increase in the price of petroleum derivatives. I will say openly: The long-term partners with whom we worked cannot understand what our merchants are doing, what illegal activities are being carried out. And, normally, the price will increase and the Macedonian citizen will pay it.

[Mitskovski] Is it possible to block the attempts to have the tax and other compensations obligatorily paid for oil as opposed to many other products?

[Gavrilski] There is a way to have all suppliers paid and the whole business carried out at the time the tank trucks enter. In the meantime, what will be the control to confirm where that oil is sold? Is there any doubt that, when a tank truck comes from the tank farm in Tetovo, at five places it will unload two tons each of oil that will be sold for 1.20 German marks?

[Mitskovski] In the meantime, a situation that moves in the following direction has now been created: It is better to have enough oil regardless of whether the state will get its money. Beyond that, a majority agree that it is not possible for Makpetrol to earn money only from oil.

[Gavrilski] First, Makpetrol does not earn money from oil, but all those who are involved in this business earn money. The state needs money to support the army, the police, the administration, the schools, and so forth. No government in the world refuses its revenues. Just for illustration, Makpetrol provides approximately 35 percent of the budget of the Republic with the sales tax. For that reason alone, the government does not dare refuse those revenues because without them it will not be possible to function. Therefore, I think that the state has to collect its revenues, but everyone has to do his own figuring who will earn how much under normal conditions at confirmed prices without smuggling. Meanwhile, some private individuals are going into the business when the current specific price is being paid to them. They are going into this business because of the fact that they think they will sell the petroleum derivatives in an illegal way. However, when it becomes "tight," and when it becomes necessary to import fuel oil, they will probably not be there because that requires a lot of capital.

[Mitskovski] Although there were hints, not one world oil company up to now has been interested in investing in Macedonia. To what is this due?

[Gavrilski] I think that is not real and that that idea has proved to be a fiasco because not one company has responded to the call up to now. Only one company has come to negotiate with the government in order to tell it that it is not prepared to enter the business. The first

reason they are not coming is that they consider Macedonia to be a low consumption area. Consequently, they seek security for the invested capital—that is, that it produce a profit for them. The companies seek a domestic source to supply petroleum derivatives, and that means not to spend their foreign currency but for some refinery, for example, to do that. Fourth, they seek a sure transfer of the profit in convertible currency. Finally, they seek free formation of the prices for petroleum derivatives, with which our government does not want to agree. Accordingly, it is an illusion to expect some large world company to come to Macedonia to open gasoline pumps.

[Mitskovski] With respect to the oil supply, it is always noted that Makpetrol is in a monopoly situation and even that the company dominates the Macedonian economy. How do you comment about those remarks?

[Gavrili] In no case are we a monopoly. For the time being, it is just that we dominate, which is the result of the fact that Makpetrol has existed for more than 45 years and, up to now, has been known to be a successful company. Makpetrol was not and is not a monopoly because it did not determine the prices for petroleum derivatives itself, it did not regulate the market in them, and, in addition, many companies were registered for that activity. Why they did not do anything, that is their problem. It is not possible to speak of a monopoly situation because of the fact that private gasoline pumps are appearing and that approximately 25 oil companies are registered for wholesale and retail. Anyhow, during the past years when fuel oil on the world market was cheap, the business enterprises themselves imported it for themselves. In accordance with that, a 100-percent supply was never expected from Makpetrol, except for the companies that were not able to import themselves and those that had to be credited. At this moment, our country credited the economy with \$10 million at the official rate, or 5.6 billion denars. What private company would do that? In addition, the government did not grant Makpetrol special concessions and privileges that only it will be engaged in that activity. This means that Makpetrol is not in a position to command the economy and the government. On the contrary, it constantly met with people without ready cash, supplied them so that they would not stop production, or imported oil at a loss in order for them to carry out planning and the like.

[Mitskovski] Is your company, as are many others, on the "carpet" because of the ownership transformation, which a good part of the educated public considers to be a great misappropriation?

[Gavrili] Whether the transformation is an ideal solution, I cannot evaluate at this moment. The main thing I will emphasize is that Makpetrol has completed privatization in accordance with the laws for public capital and personal income, as many other companies in Macedonia have done. SOK [expansion unknown] twice carried out monitoring at our company and stated that there are no irregularities with respect to the regulations in

effect. Today Makpetrol operates as a stock company, with mixed capital—public and private. There have been many allusions and many accusations in public, that the directors have bought out the company, and so forth. That is a great manipulation because, according to the regulations, every employee was able to purchase stock worth, at most, three years' average salary. Gavriilo Gavrilski, as general director, has 0.05 percent of Makpetrol, as much as half a Yugo is worth now. That is my share in the capital.

[Mitskovski] What do you say about the remarks that the internal stock ownership only reproduced the self-government?

[Gavrili] Those who say that are not right because any one of the employees who acquired shares feels much more responsible than he was before.

[Mitskovski] How do you comment about the strategy of the proposed Macedonian law for privatization, which concentrates on the need to identify who has the controlling amount of shares, and, in addition, the transformation must be performed with capitalization—that is, with fresh capital.

[Gavrili] Whether fresh capital will be provided is a great question because our encirclement is such that it greatly destimulates foreign companies. The model that is proposed in the Macedonian law for privatization will lead to the fact that much less capital will come into the Republic, and, in practice, selling off public capital will begin. Namely, if it is considered, for example, that Makpetrol is worth 100 million marks, according to our law it will be able to be purchased for only 10 million marks. That will acquire the controlling right of 51 percent, in the case of which 51 percent of the value of the capital must be purchased within a period of five years. It is not a problem for three or four private parties to put together 10 million marks and buy Makpetrol. What have we done with it? I am not thinking of only Makpetrol, but also of other companies. In this case, we will create great social tension because in all of the companies there is overemployment. The basic goal of private capital is to make a greater profit possible. It is not hard to imagine that large-scale firing of employees will take place because of this. And do you think that OHIS and the Ironworks do not know how to fire workers? However, if this sacrifice has to be paid, at least open new jobs with the fresh capital because, without new jobs, we will have great social tension.

[Mitskovski] In the United States, one dilemma was solved a long time ago: Is, for example, the CEO [chief executive officer] of General Motors more powerful than the President of the United States? It seems that hardly anyone can say that the president of the government is a "stronger man" than the director of Makpetrol, Make-donijatabak, Sileks, and so forth. Why is that so?

[Gavrili] I think the opposite. The directors are not more powerful because of the fact that not one of them opposes the government for political reasons, but only with a specific idea about its specific moves. However, the government has all of the important institutions under its control and, to the extent that it wishes, may easily destroy anyone by releasing all kinds of different

inspectors, by increasing the taxes, and so forth. Thus, it may cause any company to collapse—that is, to bring down the director by indirect means.

[Mitskovski] The oil crisis was escalating before the resignation of Kljusev's cabinet was requested. Was this only a random knot of circumstance, or, again, was it perhaps fired up in order to hasten its passage?

[Gavrilski] I think it was a random knot of circumstance. In the meantime, the government should have taken timely measures in order to prevent such a crisis.

[Mitskovski] Does that mean that the government would have been maintained for some more time if there were no oil crisis?

[Gavrilski] No, in no way. There are other reasons it had to go.

[Mitskovski] How much are directors like Gavril Gavrilski "involved" in politics—that is, do they direct the political process in Macedonia?

[Gavrilski] I have stayed away from politics since 1965, and, from that time on, I have been in economics. And I like it this way. I can speak about politics only as an ordinary citizen. Now, in this pluralism of ours, it is not clear to me how much the directors are able to influence politics however actively they are involved, which is not the case with me. My thinking is that they do not influence it significantly. However, the last moves of the government constitute the best example of how much Makpetrol was able to influence the political processes. For years we sought to obtain a realistic price for petroleum derivatives and to reduce the taxes, but we did not succeed. Meanwhile, private businessmen appeared and succeeded in this after several days.

[Mitskovski] However, certain parties, and not only they, are convinced that, to the extent that a large company, especially if it is Makpetrol, is behind some party, at least it will not have a problem with financing the election campaign.

[Gavrilski] How the parties will be financed will have to be solved in the parliament. The dilemma will be solved, and there will be no unnecessary criticisms of certain directors if they gave money for one party or another. Meanwhile, the directors, just like the "masters" of the West, are members of some party. For example, in the United States they are either Democrats or Republicans. That will also be the case in our country, but, I repeat, it is very important to solve the question of financing legally ahead of time.

[Mitskovski] You probably understand that many parties would welcome the "handout" of Makpetrol and would have nothing against accepting it.

[Gavrilski] We have many such understandings. That is the case not only for Makpetrol but also for all large and successful companies in Macedonia. Certain parties are trying to provoke disorder in the companies with all

kinds of criticisms in the media. But you have to know that there are not many successful companies in Macedonia. Perhaps there are 15 to 20. And what will they achieve if they eliminate the successful companies? Do you think things will be better for us then?

[Mitskovski] In the meantime, it is not possible to speak of a certain large-scale "chopping" of directors, as was the case in the past.

[Gavrilski] That is true, but the number of replaced directors is not small. According to my understanding, up to now, between 50 and 60 company directors had to go. Probably the economic conditions in the business enterprises are the main reason for their passing, but, in any case, the motivation for change came from certain parties.

[Mitskovski] How do you comment about the thesis that people from the communist hierarchy run our economy, or that nothing has changed with respect to the break with single-mindedness inasmuch as the same oligarchy rules Macedonia?

[Gavrilski] The parties from the nationalistic block promote that thesis. It is clear to all of us that the greatest number of the directors were members of the only party that existed. At the same time, it is quite certain that whoever would replace the director likewise was a member of that party but now is in another one. The dilemma of whether the director was a communist or not has to exist before that moment when it is confirmed that he actually works. In my opinion, the director cannot remain in the company one day if it does not generate revenue and if it does not operate successfully. In the meantime, the employees in the collective have to solve that on the basis of the work results and not on some party.

[Mitskovski] What will Gavril Gavrilski do if he has to leave his present job?

[Gavrilski] At the moment, I am not thinking of leaving Makpetrol because I have begun projects I have to finish. The gasification project, in which Makpetrol is chief investor, is of historic significance for Macedonia. Right now, this is the greatest investment in the Republic, worth approximately \$60 million. I am not thinking of leaving until many other production problems of Makpetrol are solved. However, the public has to know that this company is not concerned with only trade in petroleum derivatives; there are many other activities in the production sphere, in which approximately 20 million marks have been invested up to now. Otherwise, I am not afraid about leaving because they have been trying continuously since 1982 to replace me, but they did not succeed.

[Mitskovski] When were you "closest" to leaving?

[Gavrilski] In 1985, when we were supposed to be discussed in the Assembly of the SRM [Socialist Republic of Macedonia], However, they did not put us on the agenda.

[Mitskovski] Today, it is fashionable to be a sacrifice from the old regime. Do you consider how this is?

[Gavrilski] I do not want to complain because, in the past, these were normal phenomena. However, the government that used to exist threatened the directors of the large companies that they would be replaced.

[Mitskovski] With what argumentation?

[Gavrilski] As a rule, there never was argumentation. For example, Gligor Golovski told me that they wanted me to be a partner of the current Executive Council and proposed changing the function of the president of the Economic Chamber of Skopje or something similar. I told him I had no problem about leaving, but I wanted him to tell me why I have to do this. His only argument was that I have been at Makpetrol for "a long time."

[Mitskovski] Probably you have had many heirs, but do you have any now?

[Gavrilski] Precisely. Any time it was necessary to change the teams in the government or in the Central Committee, there were always pretenders for those jobs. All kinds of combinations were made, and they were continually trying to send me to be a representative in Moscow or some such thing. It was all a mystery to me.

[Mitskovski] Have you kept your current job because you had stronger political connections than the pretenders?

[Gavrilski] No. Success and good work contributed to my keeping the job of general director.

Yugoslav Businessmen Discuss Law on Enterprises

93BA0080E Belgrade POLITIKA in Serbo-Croatian
3 Oct 92 p 9

[Article by "M.C. and A.C.K.": "Yugoslav Businessmen on Future Law on Enterprises: As Much Capitalism as There Is Capital"]

[Text] *The draft law on enterprises has met with severe criticism from businessmen, but is nevertheless supported as a good basis for creating a new Yugoslav economy.*

The current economic enthusiasm is not the most fertile soil for an application of the standards of the new law on enterprises (drawn up by a working group of the federal Ministry of Economics), it was said at yesterday's

meeting of around 200 Yugoslav managers at Belgrade's "Sava" Center of the Economic Chamber of Yugoslavia.

Illustrating this assertion, the federal minister of economics reminded his audience at the beginning and end of the discussion of the exceptionally chaotic nature of economic and political encirclement (the blockade and sanctions, the ZUR [Law on Associated Labor] "in our heads," the domination of social ownership, the lack of legal protection for economic subjects...). At the same time, radical changes were proposed instead of a gradual transition to the Western European system of doing business.

The intention of the new federal government is henceforth to create not economic hybrids, but rather exclusively sound economic subjects, whereby state control over the economy would be significantly stronger, but also fairer, Sainovic emphasized. A radical sanctioning of all interference with property would also serve as a basis for the new economic system.

The extent to which the new economic system will succeed on the soil of Yugoslavia will depend largely on the money invested in production. In that regard, Sainovic recalled the old teaching: One has as much capitalism as there is capital.

Despite their general support for the law, the businessmen registered an unusually large number of objections, criticisms, and suggestions concerning concrete normative provisions of it.

The solutions provided did not completely satisfy the businessmen; for example, the draft law on ownership transformation was deemed insufficient. There were also opinions to the effect that the law on enterprises should be renamed the law on joint-stock companies.

The head of the working group that prepared the draft law, Dr. Mirko Vasiljevic, explained to the meeting that the new law on enterprises is based on three cornerstones: harmonization with EC regulations, the labor standards of developed European countries, and legal security for economic subjects. He also noted the problems during this transition period, where in many cases enterprises are being directed by nonexistent stockholders. The law does not deal with ownership conditions, but rather only with types of organizational features. In addition, an institution is introduced for restricting illegal competition. In his words, the text of the draft law has also been purged of all political ingredients.

Discussing the normative part of the law, Dr. Branka Jankovic (Ineks-Intereksport) remarked that many of its provisions are not in accordance with practice, that it is unclear, and thus impossible to apply. Because of this she proposed returning to the working version instead of the draft form.

Petar Colic (Gradinar-Pristina) objected to the unclearly explained relations between state and private enterprises, while Rade Jeftic (Economic Chamber of Serbia) remarked that the role of general managers is minimized and reduced to the level of business manager.

Josip Krajniger (Sever-Subotica) warned that overemphasized state and internal controls (reckless worker controls) could seriously fetter the entrepreneurial spirit. He also objected to the exceptionally strong role of the supervisory board outside the enterprise, whose role under the draft law is stronger than that of the board of directors and managers. Krajniger also proposed that the institution of the supervisory board be removed from the law.

Prof. Dr. Tomislav Nikolic raised the question of the appropriateness of enacting the new law right now. "We

are being offered Europe, but we are rushing toward a closed society," Nikolic said.

Prof. Dr. Nikola Malenovic noted that 80 percent of the country's capacity is in the state and social sector, while no more than 15 percent is in private hands. He added that a workers council and a joint-stock company assembly cannot be found in the same law.

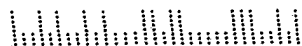
Vojislav Simanovic (Belgrade Factory-Farm) said that the key issue of new economic relations is that enterprises can be bought and sold. He advocated separating the functions of chairman of the board of directors and general manager.

Also participating in the discussion were Slobodan Plavsic, Dragan Djuricin, Dobrica Saric, Vuksan Lakicevic, and Vojislav Zajic.

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